

SOUTHEAST ASIA

Australia

I. Summary

Australia is a committed partner in international efforts to combat illicit drugs. Australia is a consumer, rather than a producer, of illicit drugs. There is no evidence of significant narcotics shipments destined for the U.S. that transit Australia. U.S. and Australian law enforcement agencies have excellent cooperation on narcotics matters. Drug policy is an issue of increasing importance in domestic affairs in Australia. In 2001, a trial “Harm Reduction” facility for injecting heroin opened in Sydney; funding for a similar project in Canberra has been frozen pending a referendum. Australia is a party to the 1988 UN Drug Convention.

II. Status of Country

Cannabis is the most widely used illicit drug in Australia. A 1998 survey for Australian Institute of Health and Welfare (AIHW) found that nearly 40 percent of Australians over the age of 14 had used the drug at least once, with 17 percent having used it in the last 12 months. According to the survey, 46 percent of all Australians report having used at least one illicit drug in their lives, with 22 percent having done so in the previous year. Australia has also seen a growth in the use of the synthetic drug MDMA (ecstasy): a survey by the National Drug and Alcohol Research Center (NDARC) found that 20 percent of men surveyed ages 20-29 and 10 percent of women in that age group had tried the drug.

Heroin use is rising in Australia. In the 1998 AIHW survey, 2.2 percent of all Australians reported using heroin, up from 1.4 percent in 1995. Among men aged 20-29, 6.2 percent reported heroin use in 1998, up from 3.6 percent three years earlier. State legislation was passed in two jurisdictions allowing for medically supervised heroin injecting rooms where clean needles are provided and users are not prosecuted for drug offenses. A trial injecting facility opened in 2001 in Sydney; funding for a similar project in Canberra has been frozen pending a referendum.

III. Country Action Against Drugs in 2001

Policy Initiatives. The government’s comprehensive drug strategy remains the “Tough on Drugs” program first announced by Prime Minister John Howard in 1997. According to the Prime Minister’s office, more than U.S. \$250 million has been spent on implementation of the strategy since its inception. Because both the federal and state governments have a role in drug policy, laws and punishments vary across Australia.

In 2001, the Prime Minister launched a National Illicit Drugs Campaign that committed the equivalent of U.S. \$13.5 million to drug education programs for schools, U.S. \$55 million to establishing a compulsory education and treatment system for drug offenders and U.S. \$106 million to stop trafficking and dealing in illegal drugs.

Law Enforcement Efforts. Law enforcement agencies continued aggressive counternarcotics law enforcement activities in 2001. Responsibility for these efforts is divided between the federal and state governments, with the various law enforcement agencies generally working well together.

According to a report from Australian Customs, from July 2000 to June 2001, Customs seized 427 kilograms of cocaine, 216 kilograms of heroin, and 338 kilograms of ecstasy. The most significant seizures of 2001 were a one metric ton shipment of cocaine seized in Western Australia in July and, in August, 2.5 kilograms of heroin. Two Americans were charged in connection with the large cocaine seizure along with several Colombians. Press reports indicated that one of the Americans pleaded guilty and was awaiting sentencing in mid-January 2002. A joint National Crime Authority, Australian Federal Police (AFP) and Customs operation also seized Australia’s largest shipment of ecstasy ever: 124 kilograms in December

2001. In a report issued in March 2001, the Australian Bureau of Criminal Intelligence (ABCI) reported that between July 1, 1999 and June 30, 2000, federal and state and territory enforcement authorities seized 734.7 kilograms of heroin and 6 kilograms of other opioids, 839 kilograms of cocaine, and 381 kilograms of methamphetamine and other amphetamines.

The AFP has established a number of overseas liaison posts to assist in narcotics-related investigations. These liaison officers, particularly those in the Pacific Island nations, also assist local law enforcement agencies in training and institution building. The AFP, both in country and overseas, has a close working relationship with U.S. agencies, including the DEA and FBI.

Corruption. The Australian government is vigilant in its efforts to prevent narcotics-related corruption. There is no indication of any senior official of the government facilitating the production or distribution of illicit drugs or aiding in the laundering of proceeds from illegal drug transactions. In 2001, a number of New South Wales police officers were convicted on drug-related charges.

Agreements and Treaties. Australia is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs and its 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. The U.S. and Australia cooperate in law enforcement matters under a bilateral mutual legal assistance treaty and an extradition treaty. The U.S. has concluded a customs mutual assistance agreement with Australia. Australia signed the UN Convention against Transnational Organized Crime in December 2000.

Cultivation/Production. The only significant illicit crop cultivated in Australia is cannabis, which remains at less than 5,000 hectares throughout the country. There is no evidence that Australian illicit marijuana production reaches the U.S. in quantities sufficient to have a significant affect. Australia has a significant licit opium crop, primarily in the state of Tasmania. Controls against diversion of that crop are excellent.

Drug Flow/Transit. Australia has been and continues to be a target for Southeast Asian heroin trafficking organizations and South American cocaine traffickers. The U.S. continues to monitor the possibility of these drugs transiting Australia to the U.S., but to date there has been no information that this is occurring.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. The primary U.S. counternarcotics activities in Australia remain looking for signs of traffic from Australia to the U.S. and providing mutual assistance and sharing intelligence in an effort to disrupt and dismantle international trafficking organizations. Cooperation between U.S. and Australian authorities in achieving these goals is excellent.

The Road Ahead. Australia shows no sign of lessening its commitment to the international fight against drug trafficking, particularly in Southeast Asia. The U.S. can expect to continue to enjoy excellent bilateral relations with Australia on the counternarcotics front and the two countries should work well together in the UNDCP and other multilateral fora.

Brunei

Brunei is not a major consumer, producer, or transit country for narcotics, but it is possible that narcotics traffickers use Brunei's waterways to ship narcotics around the region. There has been an apparent shift to the use of boats as the primary means of smuggling narcotics into Brunei. Brunei's borders of coastline, rivers, and dense jungle are porous, and smuggling is common. The majority of this smuggling activity involves alcohol, illegal day-laborers, and food products. Brunei is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol.

Methamphetamine remains the illegal drug of choice in Brunei, and no other drugs were seized in significant quantities in 2001. Through the end of November, 505 drug-related arrests had been made in Brunei. A total of 383 grams of methamphetamine were seized during this period. Methamphetamine use in Brunei seems to be increasingly concentrated among unemployed Malay youth, and drug use among unemployed Brunei youth is increasing.

Brunei has stiff penalties for drug offenses. Possession of 200 grams of methamphetamine, for example, invokes a mandatory death penalty. There is some sentiment for reducing this threshold so that possession of even 50 grams would require the death penalty. Criminals operating in and around Brunei are becoming increasingly sophisticated in their operations. Brunei has recently increased its counternarcotics budget and will be devoting a large share of these resources to enhancing its enforcement manpower and purchasing speedboats for maritime interdiction.

The level of corruption within the GOB is relatively low. Government employees in oil-rich Brunei are generously compensated, and they are not subject to the pressures and temptations of poorer developing countries. In 2001 the NCB and other GOB law enforcement agencies actively participated in regional training opportunities. NCB officers attended a DEA money-laundering seminar in Singapore. The NCB and other Brunei law enforcement personnel regularly attend training at the International Law Enforcement Academy (ILEA) Bangkok. In 2001, some 55 GOB personnel attended training at the ILEA in Bangkok.

Brunei has recently implemented asset forfeiture and seizure legislation. Because seized assets are returned to the general treasury, they do not provide an incentive to the agency that confiscated them. However, the NCB managed to obtain one speedboat through asset forfeiture in 2001 for use in counternarcotics operations.

The Road Ahead. The United States will continue to encourage Brunei to maintain vigilance on narcotics abuse and traffic, and it will endeavor to assist Brunei with training in both enforcement and demand reduction and drug treatment.

Burma

I. Summary

With the ban on opium production in Afghanistan imposed by the Taliban in 2001, Burma returned to its position as the world's largest producer of illicit opium. Burma is the primary source of amphetamine-type stimulants in Asia, producing an estimated 800 million tablets per year. The government of Burma has done little to stop the production of and trafficking in amphetamine-type stimulants (ATS) produced within its borders. According to the joint U.S./Burma opium yield survey, opium production in Burma totaled no more than 865 metric tons in 2001, down more than 20 percent from a year earlier, and barely one-third of the 2,560 metric tons produced in Burma in 1996. Burma's opium is grown predominantly in Shan State, in areas controlled by former insurgent groups. Since the mid-1990s, however, the Burmese government has elicited "opium-free" pledges from each group and, as these pledges have come due, has stepped up law-enforcement activities in the territories controlled by these groups. The government of Burma has not put pressure on or taken law-enforcement action against the largest drug-producing and drug-trafficking organization, the United Wa State Army, however.

Burma has taken some useful counternarcotics measures in 2001, but they are too limited in duration and scope to have had a significant impact on the overall narcotics situation thus far. Over the past year, the Burmese government has also considerably improved its counternarcotics cooperation with neighboring states. In 2001 in cooperation with the government of China and with the government of Thailand, the Burmese government launched a major law-enforcement campaign against the Kokang Chinese. The government made several drug seizures and arrested several traffickers, including an action resulting in the destruction of a trafficking group that the Chinese called one of the largest "armed drug smuggling groups in the Golden Triangle area."

Burma is a party to the 1961 UN Single Convention, the 1971 UN Convention on Psychotropic Substances and the 1988 UN Drug Convention.

II. Status of Country

Burma returned to its position as the world's largest producer of illicit opium in 2001. Even though farmers attempted to increase opium poppy cultivation levels during the 2000/2001 growing season, however, poor weather and eradication continued to depress cultivation levels. According to the joint U.S./Burma opium yield survey, the total land area under poppy cultivation in Burma was 105,000 hectares in 2001, a 3 percent decrease from the 108,700 hectares under cultivation in 2000. In 2001 potential opium production in Burma dropped below 1,000 metric tons for the first time since the surveys begun in the mid-1980s. Estimated opium production in Burma totaled approximately 865 metric tons in 2001, a decrease of more than 20 percent from 1,085 metric tons a year earlier, and barely one-third of the 2,560 metric tons produced in Burma in 1996. In 2001, yields in Burma (approximately 8.5 kilograms/hectare) were barely half the level recorded five years earlier, while the acreage under cultivation was down 35 percent.

Although the decline in opium cultivation is to be applauded, Burma remains the major source of amphetamine-type stimulants (ATS) in the region. An estimated 800 million ATS tablets are produced annually in Burma, primarily in the areas of Shan State controlled by the United Wa State Army. With the exception of seizing modest amounts of tablets and closing a few production labs, the government of Burma has not made a concerted effort to stop ATS production and trafficking. The amount of ATS tablets seized over the past three years represent only a small fraction of annual ATS production and has no real effect on the overall scope of the problem.

Opium, heroin, and ATS are produced predominantly in Shan State, in areas controlled by former insurgent groups. Starting in 1989, the Burmese government negotiated a series of cease-fire agreements with these groups, allowing each limited autonomy and a measure of development assistance in return for peace. Initially, these agreements permitted the former insurgents to continue their narcotics production and trafficking activities in relative freedom. Since the mid-1990s, however, the Burmese government has elicited “opium-free” pledges from each and, as these pledges have come due, has stepped up law-enforcement activities in the territories controlled by some of these groups. In 2001, the Burmese government cracked down hard in the Kokang region controlled by Peng Jiasheng’s Myanmar National Democratic Alliance Army (MNDAA), which had pledged to be opium-free by 2000. With the assistance of the Government of China, the Burmese government staged a series of arrests of major traffickers in all areas of the Kokang, including Laukkai, the capital of Kokang State.

In other areas, the GOB moved more cautiously. In areas controlled by the United Wa State Army (UWSA), the principal drug-producing and drug-trafficking organization in Burma, the government has only slowly expanded its administrative presence, but has not yet attempted any aggressive law-enforcement operations comparable to those it has staged in the Kokang region. Apparently, there are two reasons for this: First, the Wa pledge to make their territories opium-free does not come due until 2005. Second, and more important, the government of Burma claims that cracking down on the Wa, a far more formidable militarily force than the Kokang Chinese, jeopardizes Burma’s national security. Under the terms of the cease-fire agreements, the Wa and other groups involved in the drug trade are largely immune from government action. For instance, Burmese troops cannot enter Wa territory without permission from the UWSA. Although unwilling to risk confronting the Wa, a potent organization with a well-manned and well-trained military force, the GOB did take the modest steps of establishing a police presence in the Wa territories in 2001 and, in December 2001, opened its first military intelligence office in the Wa territories. The government has yet to put significant pressure on the Wa to stop illicit drug production or trafficking.

Although the ethnic groups have set dates by which to be opium free, the results have been limited. Opium production and its profitability have not been replaced by substitute crops and alternative development projects that would provide farmers economically viable alternatives to poppy cultivation. For regions to become truly drug free, the GOB must make a considerable commitment, assisted, where possible, by the international community, to undertake an extensive range of counternarcotics actions, including crop eradication, effective law enforcement, and alternative development. The GOB must foster cooperation between the government and the ethnic groups involved in drug production and trafficking, including the Wa, to eliminate poppy cultivation and opium production.

The GOB must also address the explosion of ATS that has flooded Thailand and is trafficked to other countries in the region. It must make a firm commitment and make a concerted effort to stop production of ATS by gaining support and cooperation from the ethnic groups, including the Wa, involved in ATS, as well as through closing production labs and preventing the diversion of precursor chemicals needed to produce synthetic drugs.

There is reason to believe that money laundering in Burma and the return of narcotics profits laundered elsewhere are significant factors in the overall Burmese economy, although the extent is difficult to measure accurately. Burma has an under-regulated banking system and ineffective laws to control money laundering. In 2001 the GOB drafted new anti-money-laundering legislation, but the laws will not become effective until sometime in 2002.

Drug abuse—including intravenous drug use—continues to be a growing problem in Burma. While the government maintains that there are only about 90,000 addicts in Burma, surveys conducted by UNDCP, among others, suggest that the addict population could be as high as 500,000. There is also a growing HIV/AIDS epidemic, linked in part to intravenous drug use. According to surveys, 57 percent of all intravenous drug users in Burma have tested positive for the HIV/AIDS virus.

III. Country Actions Against Drugs in 2001

Policy Initiatives. In 2001, the GOB demonstrated a new commitment, particularly in cooperation with China and Thailand, to take more aggressive law-enforcement actions against individual traffickers and some trafficking groups, notably the Kokang Chinese. The government introduced no new counternarcotics policies, however, and continued to exert little direct pressure on the UWSA and other major trafficking organizations. There was no evident attempt to seize drugs or close heroin or ATS labs in Wa-controlled territories. Drug seizures throughout Burma were roughly equal to or below the levels of previous years, and few production labs were destroyed.

Burma's official counternarcotics plan calls for the eradication of all narcotics production and trafficking over a fifteen year period, starting in 1999. The plan is to proceed by stages, with eradication efforts coupled to alternative development programs in individual townships, predominantly in Shan State. Altogether, 54 townships have been targeted, 25 of which are targeted for the first five years of the program. In its first progress report, the government stated in September 2001 that programs had been started in 22 of the 25 townships. They include Mong Ko, Laukai, Hopang, and Kyu Hkok, all of which lie within regions controlled by the Wa and the Kokang Chinese. According to the government, 1.3 billion Kyats (equivalent to approximately \$1.8 million at the unofficial exchange rate of Kyat 700 per U.S. dollar, or \$20 million at the official rate of 6.5 kyat per U.S. dollar) was spent on health, education, and alternative development projects in these 22 townships during the 1999-2000 fiscal year. The scope and effectiveness of this plan to date has not been independently verified.

Small alternative development and crop substitution programs supported with international assistance continue in Burma. The most significant is the Wa Alternative Development Project (WADP) implemented by the UN Drug Control Program (UNDCP) and supported by contributions to the UN by the United States and Japan. A five-year, \$12.1 million program, the WADP identifies substitute, economically viable crops to replace opium cultivation in a region of the Wa territories. There is also an ongoing program funded by Japan to establish buckwheat as a cash crop in the Kokang and Mong Ko regions of northeastern Shan State. In addition, the Thai government has recently agreed to extend its own alternative development projects across the border into the Wa-controlled Southern Military Region of Shan State.

Burma improved cross-border law-enforcement cooperation with both China and Thailand in 2001 to curtail the production and trafficking activities of former insurgent groups.

The Burmese Government refused the U.S. request to expel drug lord Chang Qifu (Khun Sa), asserting that there is no valid extradition treaty between the U.S. and Burma. Burma takes the position that the 1931 U.S.-U.K. extradition treaty is not applicable and contends the treaty was never accepted by any Burmese government. The Burmese government also continued to refuse to render Chang Qifu to the U.S. on the grounds that he had not violated his 1996 surrender agreement. That agreement reportedly stipulated that if Chang Qifu ended his insurgency and retired from the drug trade, the GOB would provide him with security in Rangoon and allow him to conduct legitimate business. Burmese authorities assert that he will continue to enjoy immunity from prosecution in Burma and exemption from rendition to another country as long as he does not violate his surrender agreement. This issue remains a source of friction between Burma and the U.S. The 1988 UN Drug Convention obligates parties, including Burma, to prosecute such traffickers. GOB officials have stated they would be willing to prosecute Chang Qifu or his subordinates, if it can be proven that they have engaged in narcotics trafficking after the surrender agreement was signed.

Accomplishments. Narcotics Seizures and Arrests: Summary statistics provided by the Burmese police indicate that the Burmese police, army, and the Customs Service together seized approximately 1,629 kilograms of raw opium, 98 kilograms of heroin, and 32.4 million ATS tablets during 2001. This compares with seizures of 1,528 kilograms of raw opium, 159 kilograms of heroin, and 26.7 million methamphetamine pills during 2000. While seizures of opium in 2001 modestly exceeded the amounts seized the previous year, seizures of heroin, well below last year's level, declined for the fourth straight

year. Seizures of methamphetamine tablets in 2001 were slightly above the amounts seized in 2000 and in 1999. Considering that an estimated 800 million methamphetamine tablets are produced in Burma each year, the approximately thirty million tablets seized in each of the past three years has no effect on the overall scope of the problem. Closures of heroin refineries and methamphetamine laboratories mirrored last year's level. Whereas in 1999, the GOB destroyed 13 heroin refineries and three methamphetamine laboratories, in 2000 they closed only three heroin refineries and two methamphetamine laboratories, and in 2001 they closed only three refineries and three laboratories. Seizures of precursor chemicals more than doubled in 2001 over last year's rate, however. Burmese law-enforcement officers reported seizing 174,191 liters of precursor chemicals in 2001 compared to 86,755 liters in 2000.

Major seizures in Burma in 2001 included the following: On August 4, the Monywa counternarcotics task force seized 161 kilograms of raw opium concealed beneath the floor boards of a truck in Monywa; on August 6, a joint counternarcotics team seized 3.4 million tablets of methamphetamine stored in a secret compartment of a truck in Taungyi; on August 30, an infantry column from the Burmese Army's 33rd Division destroyed a heroin refinery in the vicinity of Kutkai and seized 569 kilograms of raw opium and 9.3 kilograms of heroin; on September 6, police officials from Lashio seized 4.4 million tablets of methamphetamine after firing on and stopping a truck at the Sit-In bridge between Lashio and Hsipaw; and on October 14, in the largest seizure of methamphetamine tablets ever made in Burma, police officials in Hpa'an seized 6.9 million methamphetamine tablets from two false compartments in one vehicle. On October 27, in two related cases, police seized 2.2 million methamphetamine tablets from two caches in Tachileik township.

Burma continued its operational cooperation with the U.S. Drug Enforcement Administration (DEA), the Australian Federal Police, and other western and regional police agencies. In March, that cooperation resulted in the arrest of two Burmese citizens accused of exporting 357 kilograms of heroin to Fiji. Both have since been tried, convicted, and sentenced to death. Similarly, acting on information provided by the Thai police, Burmese police arrested Nyein Kyaw (aka Si Yon Kyin) and Kyaw Hlaing (aka Lauk San, aka Yaw Phar Li) in October in connection with a shipment of 116 kilograms of heroin and 7 million tablets of methamphetamine that the Thai police intercepted in January 2001.

The GOB has also allowed Chinese police officers to interrogate Burmese citizens, if they are apprehended for crimes in China. As a result of this cooperation, the Burmese arrested one major drug trafficker, Tan Xiao Lin, aka Tang Hsiao-lin, in April 2001 and turned him over to the Chinese in June 2001. Following the interrogation of Tan Xiao Lin, the Chinese identified four other major traffickers. One of these four (Shang Chao Mei) was arrested in Muse on September 3, and a second (Xiao Ming Yuan) narrowly escaped arrest in Laukai that same week. According to the Chinese, this group headed by Tan Xiao Lin was one of the largest "armed drug smuggling groups in the Golden Triangle area." The Chinese claim this group may have shipped as much as 15 tons of heroin per year, though the Burmese believe their annual turnover was considerably lower--perhaps no more than 1.5 tons per year.

During Secretary Khin Nyunt's September visit to Thailand, Thailand also proposed a program whereby the products of alternative-development projects in Burma would enter Thailand duty-free and offered 20 million Baht (about US\$440,000) for the establishment of a new alternative-development program in the Southern Military Region of Shan State, which is now occupied by the United Wa State Army. In return, the Burmese arranged a trilateral meeting among the Wa, the GOB, and Thai officials in November 2001 that helped impress upon the Wa the counternarcotics priorities of the two governments.

Burma also participated in a series of multilateral meetings on narcotics control during the summer. They included a regional ministerial meeting in Rangoon (organized in cooperation with UNDCP) on drug control in May, a senior officials meeting with narcotics officials from Laos, China, Thailand and Burma in Rangoon in early August, and a quadrilateral ministerial meeting of the same four countries in Beijing in late August.

Eradication. According to Burmese police statistics, police and army units made two planned eradication sweeps in Shan State and destroyed 26,113 hectares of opium poppy during the 2000/2001 crop year

(October to April). This compares with 10,987 hectares reportedly destroyed during the 1999/2000 crop year. According to UNDCP, there was clear evidence of two GOB eradication campaigns (one in early January and a second in late February) in all eleven townships that UNDCP surveyed during the 2000/2001 crop year. The U.S. is unable to verify eradication claims.

Law Enforcement Measures. Drug-enforcement efforts in Burma are led by the Central Committee for Drug Abuse Control (CCDAC), which is comprised of personnel from various security services, including the police, customs, military intelligence, and the army. CCDAC now has 18 drug-enforcement task forces around the country, with most located in major cities and along key transit routes near Burma's borders with China, India, and Thailand. As is the case with most Burmese government entities, CCDAC suffers badly from a lack of adequate resources to support its law-enforcement mission.

The legal framework for Burma's law-enforcement efforts is provided by its 1993 Narcotic Drugs and Psychotropic Substances Law. As demanded by the 1988 UN Drug Convention, that law contains legal tools for addressing money laundering, the seizure of drug-related assets, and the prosecution of drug conspiracy cases. Burma has taken steps to fulfill its international commitments under those conventions, but has yet to enact and enforce legislation to address some of their provisions and has not enforced its existing money-laundering law. In 2001 the GOB drafted a mutual legal assistance law. Passage and implementation of the legislation has been delayed until 2002, but it is expected to lay the groundwork for cross-border judicial and law-enforcement cooperation in the prosecution of money laundering and other cases. Similarly, a new anti-money-laundering law was drafted in 2001 and is expected to be enacted in early 2002; the mutual legal assistance law should follow shortly thereafter.

In 2000 and 2001, the Burmese government launched its first serious campaigns against trafficking by former insurgent groups. In November 2000, the GOB took advantage of a mutiny within the Mong Ko Defense Army to seize Mong Ko and put that band and its leader, Mong Sa La, out of the narcotics business. It also sharply stepped up its pressure on the Kokang Chinese, who missed their 2000 target date for establishing an "opium free" zone throughout their self-administered territories. Starting in September 2001, the Burmese joined with the government of China in a series of joint operations that resulted in the destruction of heroin factories and methamphetamine labs throughout the Kokang Chinese Special Region No. 1 and the arrest of major traffickers. The Burmese government has also made clear to the Kokang Chinese that this campaign will continue. According to Burmese police sources, Secretary 1 Khin Nyunt has flatly told the Kokang leadership that they must be out of the narcotics business by 2002 or else the Burmese government would take "all necessary measures."

In the Wa Region, where the target date to be opium free is 2005, the Burmese government has moved much more cautiously. The Wa are far more formidable militarily than the Kokang Chinese and have proven to be useful allies for the Burmese government in battles with Khun Sa's Mong Tai Army and other Shan insurgent groups like the Thai-based Shan United Revolutionary Army (SURA) of Yawd Serk. Nevertheless, the Burmese government has slowly increased its administrative presence in the Wa territories. In 2001, for the first time, it established a Burmese police presence in the Wa territories, and in December 2001 the GOB established a military intelligence office in Pang Sang, the Wa capital. Its operations against the Kokang Chinese are seemingly intended to foreshadow the potential consequences for the Wa, if they remain in the narcotics business past 2005.

In 2001, the GOB also began a crackdown on the array of militias (some government-sponsored Ka Kwe Ye, i.e., village defense forces, and others the remnants of former insurgent bands) that the GOB had previously allowed to cultivate opium in the Kutkai-Lashio region of northern Shan State. According to military intelligence officials, with peace now prevailing in most of the countryside and the government no longer in need of the local security services these groups provided, steps are now being taken to slowly roll back their privileges, including the right to grow and traffic opium.

Corruption. There is no evidence that the Burmese Government, on an institutional level, is involved in the drug trade. However, there are persistent reports that officials, particularly army police personnel posted in outlying areas, are either directly involved in the drug business or are paid to allow the drug

business to be conducted by others. The Burmese government is aware of this and has waged a quiet campaign against narcotics corruption in the ranks. According to police statistics, since early 2000, 32 Burmese police officers have been punished for narcotics related corruption. Punishments took the form of imprisonment, terminations, demotions, and forced retirements. Jail sentences have been imposed on 17 officers, including one police major and two police lieutenants. Four officers have been terminated, including two police lieutenants, and six officers were forced to retire, including four police lieutenants. Over the same period of time, seven Burmese army soldiers, including one major and three other officers, were charged with narcotics-related corruption. All were prosecuted in accordance with Burma's counternarcotics laws and the Burmese military code.

Agreements and Treaties. Burma is a party to the 1961 UN Single Convention, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. Burma also participates in UNDCP regional programs to combat illicit narcotics and related criminal activities. Burma is one of six nations (Burma, Cambodia, China, Laos, Thailand, Vietnam) that signed a Memorandum of Understanding (MOU) in 1993 with UNDCP. The "MOU states" agreed to cooperate to combat narcotics and to work jointly with UNDCP to improve sub-regional law-enforcement capabilities, including controlling precursor chemicals and reducing illicit narcotics production and trafficking in Southeast Asia. Burma is also a member of the regional action plan "ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD)," which, in conjunction with UNDCP, pledges all participant countries to implement a comprehensive, regional, cooperative action plan to make the region drug-free by 2015. At the first meeting to implement the action plan, held in Bali in November, Burma agreed to chair the ACCORD Task Force on Law Enforcement.

In addition, the GOB has signed bilateral drug control agreements with India in 1993, with Bangladesh in 1994, with Vietnam in 1995, and with the Russian Federation, Laos, and The Philippines in 1997. In 2001, Burma signed additional counternarcotics MOUs with China (in January) and Thailand (in June).

The MOU with China established a framework for joint operations, which in turn led to a series of arrests of major traffickers during the spring and summer of 2001. Burmese police maintain that Burmese law forbids the extradition of any Burmese citizen. In its MOU with China, however, the GOB has agreed to return to China any Chinese citizens wanted for crimes in China.

Burma's MOU with Thailand committed both countries to closer police cooperation in narcotics control. The MOU paved the way for an August 2001 meeting of police chiefs from both sides of the Thai-Burma border who agreed to share information and establish joint "narcotics suppression coordination stations" in the Chiang Rai/Tachileik, Mae Sot/Myawaddy and Ranong/Kawthoung border areas.

Cultivation and Production. With the ban on opium production in Afghanistan imposed by the Taliban in 2001, Burma returned to its position as the world's largest producer of illicit opium. According to the U.S./Burma joint opium yield survey, opium production declined in Burma for the fifth straight year in 2001, due to a combination of poor weather conditions and eradication efforts. The survey found that the maximum potential yield for opium in Burma in 2001 totaled 865 metric tons, down 220 metric tons (or approximately 20 percent) from 2000. Over the past five years, opium production in Burma is down by approximately two-thirds, from an estimated 2,560 metric tons in 1996 to 865 metric tons in 2001. The area under cultivation has declined by approximately 35 percent, from 163,100 hectares in 1996 to approximately 105,000 hectares in 2001. Yields, meanwhile, have been cut in half, from an estimated 17 kilograms per hectare in 1996 to levels (about 8.5 kilograms per hectare in 2001) that are now comparable to those in neighboring states, such as Laos. A UNDCP-sponsored survey in 11 districts in Shan State in 2001 produced similar results. According to UNDCP, its estimate for the average potential yield in the 11 districts was approximately 10.45 kilograms per hectare.

Drug Flow/Transit. Most heroin in Burma is produced in small, mobile labs located near the borders with Thailand and China in Shan State in areas controlled by former insurgent groups. A growing amount of methamphetamine is reportedly produced in labs co-located with heroin refineries in the Wa region and the former Shan United Revolutionary Army territory in southern Shan State. Heroin and

methamphetamine produced by Burma's former insurgent groups are most commonly trafficked along transit routes crossing the porous Chinese and Thai borders; to a lesser extent over the Indian, Bangladeshi, and Lao borders; and through Rangoon onward by ship to other countries in the region. Acetic anhydride, an essential chemical in the production of heroin, and ephedrine, the principal chemical ingredient of methamphetamine, are trafficked from China, India, and Thailand.

China and India are the principal sources for acetic anhydride, an essential chemical in the production of heroin, and ephedrine, the primary chemical used to manufacture methamphetamine.

Demand reduction. Drug abuse in Burma continues to increase. According to the GOB, there are only about 90,000 "officially registered" drug abusers in Burma, though UNDCP estimates that as many as 500,000 people (still less than 1 percent of the population) may abuse drugs. Opium use is most common among the older generations, but use of heroin and synthetic drugs continues to rise, particularly in urban and mining areas. Demand reduction facilities are strictly limited. There are six major drug treatment centers under the Ministry of Health and 49 detoxification programs at major hospitals throughout the country. Even when supplemented by international programs, however, those facilities fall well short of the need.

There is also a growing HIV/AIDS epidemic in Burma that has been linked in part to intravenous drug use. Fifty-seven percent of all intravenous drug users in Burma have tested positive for HIV/AIDS. Among the general population the HIV/AIDS infection rate is now approaching two percent.

IV. U.S. Policy Initiatives and Programs

Policy and Programs. Direct material counternarcotics aid by the U.S. government (USG) to Burma has remained suspended since 1988, when the Burmese military brutally suppressed the pro-democracy movement. As a result, the USG has very limited contact with the Burmese government on narcotics control. DEA, through the U.S. Embassy in Rangoon, shares drug-related intelligence with the GOB and conducts joint drug-enforcement investigations with Burmese counternarcotics authorities. Other U.S. agencies have conducted opium yield surveys in the mountainous regions of the Shan State in 1993, 1995, 1997, 1998, 1999, 2000 and 2001, with essential assistance provided by Burmese counterparts. These surveys give both governments a much more accurate understanding of the scope, magnitude, and changing geographic distribution of Burma's opium crop. The USG regularly urges the Burmese government to continue to take steps to curb narcotics production and trafficking. Specifically, we have encouraged the Burmese government to:

- Undertake counternarcotics efforts commensurate with Burma's central role in opium, heroin, and methamphetamine production and trafficking;
- Prosecute drug-trafficking organizations and their leaders, and deprive them of assets derived from the drug trade;
- Take action against drug-related corruption, including prosecution and appropriate punishment of corrupt officials and money launderers;
- Take action against fugitive drug traffickers and turn them over to third countries;
- Undertake opium poppy eradication on a wide scale in areas under its direct control or immediate influence;
- Press ethnic groups, such as the Wa, the Kokang Chinese, and the Kachin, who have pledged to create opium-free zones in their regions, to make good on their commitments;
- Develop and enforce effective counternarcotics, conspiracy, and money-laundering legislation;

- Provide strong support to multilateral drug-control projects in Shan State.

Bilateral Cooperation. USG counternarcotics cooperation with the Burmese regime is restricted to basic law-enforcement operations. The U.S. provides no bilateral material or training assistance. DEA's liaison with Burmese policymakers and military officials--conducted mainly through DEA's office in Rangoon--focuses on providing intelligence on enforcement targets and coordinating investigations of international drug-trafficking groups.

The Road Ahead. Based on experience in dealing with significant narcotics-trafficking problems elsewhere in the world, the USG recognizes that large-scale and long-term international aid, including development assistance and law-enforcement aid, will be needed to curb drug production and trafficking in Burma. Recurring human rights violations and political concerns, however, have limited international support of all kinds, including support for Burma's law-enforcement efforts. Throughout 2001, the Burmese government demonstrated a new commitment to effective counternarcotics measures. It has continued its poppy eradication program, has initiated actions against drug traffickers and some drug-trafficking organizations, has drafted new money-laundering legislation, and has begun to work more closely and cooperatively with neighboring and regional countries. The GOB is encouraged to sustain and intensify those efforts so that its counternarcotics actions are equal to the scope of the problem. The government of Burma is further encouraged to take additional steps to combat corruption, enforce its narcotics and money-laundering legislation, intensify its efforts to eradicate all forms of illicit narcotics, including methamphetamines, and address meaningfully the growing problem of drug abuse and HIV/AIDS. The USG strongly urges the GOB to continue its law-enforcement campaigns and to expand its efforts to the most prominent trafficking groups and organizations (including asset forfeiture and seizure). The USG also urges the GOB to continue cooperating closely with other countries in the region, particularly those most seriously affected by drugs trafficked from Burma. Although Burma's counternarcotics record in 2001 is noticeably improved over that of prior years, sustained, expanded, and intensified efforts will serve as proof of the GOB's full and unequivocal commitment to combating illicit narcotics production and trafficking, and associated criminal activities, within its borders.

Burma Statistics

(1993–2001)

	2001	2000	1999	1998	1997	1996	1995	1994	1993
Opium									
Potential Harvest (ha)	105,000	108,700	89,500	130,300	155,150	163,100	154,070	146,600	165,800
Eradication (ha)	9,317	0	9,800	16,194	10,501	0	0	3,345	604
Cultivation (ha)	114,317	108,700	99,300	146,494	165,651	163,100	154,070	149,945	166,404
Potential Yield (mt)	865	1,085	1,090	1,750	2,365	2,560	2,340	2,030	2,575
Seizures									
Opium (mt)	1.622	1.528	1.445	5.200	7.884	1.300	1.060	2.265	2.265
Heroin (mt)	.095	0.171	0.273	0.386	1.401	0.505	0.070	0.347	0.300
Marijuana (mt)	—	—	0.274	0.160	0.288	0.259	0.239	0.290	0.600
Ephedrine (mt)	—	2.671	6.485	3.819	—	—	—	—	—
Acetic Anhydride (gal)	—	3,945	1,620	424	2,137	5,082	1,159	1,191	1,016
Other Data									
Heroin Labs Destroyed	—	—	23	32	33	11	3	4	0
Meth Labs Destroyed	—	—	6						
Narcotics Arrests	—	—	6,413	4,456	4,522	4,522	5,541	7,134	7,520
Heroin Users (thousands)	300	—	300	300	300	150	100	30	30
Opium Users (thousands)	120	120	120	120	120	120	120	120	120
Arrests	—	4,881	6,413	4,845	—	—	—	—	—

Cambodia

I. Summary

Cambodia registered gains in improving law enforcement and limiting corruption in 2001, although ingrained corruption and endemic poverty hindered the government's ability to mount a sustained effort against narcotics trafficking. The government's principal counternarcotics body, the National Authority for Combating Drugs (NACD), cooperates closely with DEA, regional counterparts, and the UNODCCP (UN Office for Drug Control and Crime Programs). In October, the Prime Minister dismissed the head of the NACD in connection with the earlier arrest of another senior counternarcotics official on charges of trafficking in methamphetamine. He replaced him with a generally well regarded senior police official. In November, the White House announced Cambodia's removal from the list of major illicit drug producing and drug-transit countries, a development that was welcomed by the Prime Minister and other government officials. The Cambodian government recognizes that its counternarcotics efforts are spotty and often ineffective, and there is widespread recognition that Cambodian authorities need to be more aggressive in trying to stem the flow of illegal narcotics. Because of the unfortunate state of human and institutional capacity in Cambodia, however, Cambodia needs substantial material support in virtually every key area. Cambodia is a party to the 1993 Regional Memorandum of Understanding (MOU) on Drug Control, and is also a party to the six MOU countries' Sub-regional Action Plan for Drug Control. Cambodia is not a party to the 1961 Single Convention and its 1972 Protocol, nor the 1988 UN Drug Convention. The government, however, is on record as favoring becoming a party to the 1988 Drug Convention.

II. Status of Country

Cambodia is not a major producer of opiates or coca-based drugs. Until recently, the scope of Cambodia's domestic drug abuse problem was deemed to be less severe than other neighboring countries in Southeast Asia. However, in the past couple of years Cambodia has experienced a disturbingly rapid and significant increase in amphetamine-type stimulant (ATS) abuse, particularly among youths who frequent the nightclub scene in Phnom Penh, commercial sex workers, and Cambodian migrant laborers. The incidence of glue sniffing and other inhalant abuse by vagrants, street children, and disadvantaged youths is also growing. In June, Deputy Prime Minister Sar Kheng termed the crisis of growing illegal substance abuse as Cambodia's second most serious social problem, trailing only the HIV/AIDS epidemic.

Marijuana is cultivated primarily for export, with some residual domestic consumption. There are no reliable figures available from either the Cambodian government or the UNDCP on the current extent of cultivation or yield, although some estimates place total production at 700-1,000 tons annually. Marijuana production tends to be concentrated in the provinces of Koh Kong, Battambang, Kampong Cham, Kampong Speu, Kratie, Stung Treng, Preah Vihear, and Banteay Meanchey. Planting is done by hand using traditional farming methods, with the normal harvest period occurring between late December and early January. Much of the production is reputed to be "contract cultivation" with Cambodians operating under the control or influence of foreign criminal syndicates. Analysis of seizures in recent years indicates that Europe is the major destination for Cambodian cannabis, with other destinations including the United States, Australia and Africa. Quantities coming to the United States are not sufficient to have a significant impact on the United States.

In addition to marijuana, Cambodia's involvement in the international narcotics trade is as a transit route for Southeast Asian heroin to overseas markets, including China, Australia, Europe, and the United States. There is little hard information available on the scale of heroin trafficked through Cambodia, but the amount of heroin seized in the United States in recent years that is traceable to or through Cambodia is small.

Cambodian authorities are becoming increasingly concerned with the significant increase in the amount of chemically based synthetic drugs coming into the country from Thailand and elsewhere in the region. Cambodian authorities believe that foreign crime syndicates, working in concert with Cambodian nationals, have set up highly mobile clandestine laboratories in Koh Kong, Banteay Meanchey, and Battambang provinces (all along the Thai-Cambodia border) that are producing ATS for local distribution and export. There are some indications that some stationary ATS production centers are being set up in Phnom Penh and elsewhere.

There is some concern that precursor chemicals imported for industrial use in Cambodia, including methanol, sulfuric acid, toluene, and ephedrine, are possibly being diverted for illicit drug production, although the magnitude of this diversion, if it exists, is difficult to ascertain.

III. Country Actions Against Drugs in 2001

Policy Initiatives. Cambodian law enforcement agencies have very limited resources and lack even the most basic training in law enforcement techniques and drug enforcement measures. Three decades of warfare and factional fighting have severely hampered the government's ability to carry out a sustained effort against illegal drugs. In late 1998, the cessation of factional fighting and final demise of the Khmer Rouge, together with the formation of a new coalition government, provided a measure of stability that allowed the government to begin to devote more attention to combating crime and illegal narcotics. But better coordination is needed among various government agencies and ministries—ideally, with a beefed-up NACD playing a central role—to provide more effective measures against drug production, abuse, and trafficking.

The NACD, which was reorganized in 1999, has the potential to become an effective policy and coordination unit for the government. With the enthusiastic backing of the Cambodian government, the UNDCP launched in April 2001 a two-phase, four-year U.S. \$2.3 million “NACD Support Project” designed to strengthen the NACD Secretariat. This project seeks, *inter alia*, to establish the NACD as an independent functional government body able to undertake drug control planning, coordination, and operations. The project seeks to establish procedures for planning, operations, and administration and to provide staff training, technical advice, basic transportation, communications, and office equipment. There is some question, however, as to whether there will be sufficient funding for the project beyond mid-2002.

Accomplishments. A Cambodian delegation traveled to Rangoon in May to participate in a Ministerial-level meeting of the six greater Mekong sub-region countries and the UNDCP. In conjunction with the UNDCP, the six countries that are signatories to the 1993 Memorandum of Understanding on Regional Drug Control—Cambodia, Burma, Laos, Thailand, Vietnam, and China—hold annual meetings at the Senior Officials level and every other year at the Ministerial level to discuss drug control developments in the region, assess the measures being taken to deal with illicit drug problems, and adopt recommendations on joint remedial actions.

The UNODCCP, with U.S. funding, established a resident liaison office in Phnom Penh in April 2001. The office provides technical assistance to the NACD and is the focal point for donor group activity related to counternarcotics activity in Cambodia. Key donors include Japan, Australia, the United Kingdom, France, Germany, and the European Commission in addition to the United States. In September, Sandro Calvani, Head of the UNODCCP Regional Center for East Asia and the Pacific, visited Phnom Penh for meetings with senior government officials, including Prime Minister Hun Sen and Deputy Prime Minister Sar Kheng. The Prime Minister pledged to cooperate with the UN on combating drugs and appealed to the international community for assistance to build up domestic institutional and human capacity.

Under the leadership of Australia and Japan, a Phnom Penh Mini-Dublin Group was formed in 1999, a development that was warmly welcomed by the Cambodian authorities. This group, in which the United

States participates actively, provides a forum for multilateral discussion of narcotics issues and aims to improve coordination of donor efforts to Cambodia's drug control and counternarcotics trafficking efforts. The Mini-Dublin Group met twice in 2001.

Law Enforcement Efforts. According to preliminary figures from the Anti-Drug Department of the National Police, 109 people were arrested for various drug-related offenses in 2001, compared with 124 arrests in 2000. Of the 109 persons arrested in 2001, 80 were Cambodians, 21 were Vietnamese, and eight were other nationals. In 2001, one particularly significant drug arrest took place in December, when police arrested four people suspected of producing methamphetamine. The police confiscated some precursor chemicals and various other drug paraphernalia. The significance of this case stems from its being one of the few instances in recent memory where police arrested suspected producers, rather than buyers and sellers.

Corruption. Corruption remains widespread and pervasive in Cambodia. This makes Cambodia highly vulnerable to penetration by drug traffickers and foreign crime syndicates, and makes effective law enforcement a daunting challenge. Senior Cambodian government officials proclaim their intention to fight illegal narcotics trafficking and production, and officials at all levels regularly call for U.S. assistance in training counternarcotics police. Several factors constrain sustained advances in effective law enforcement of illegal drugs by the government, however, not the least of which is an acute shortage of trained personnel and high levels of official corruption, aggravated by abysmally low salaries for Cambodian civil servants. There is no formal police training academy, and the management structure in the law enforcement agencies would not be able to benefit from and implement outside training or the establishment of investigative and administrative procedures. The judicial system is weak, and there have been numerous cases of defendants in important narcotics and other criminal cases having charges against them dropped inexplicably after paying relatively small fines.

In early October, a special police task force arrested a senior counternarcotics official and four accomplices on charges of trafficking in methamphetamine. It was later revealed that the senior official arrested was a close associate of Lt. Gen. Em Sam An, the head of the NACD. This revelation led to an outpouring of press criticism leveled at the government and prompted an official letter of concern from the UNDCP liaison office. By late October, Prime Minister Hun Sen dismissed Em Sam An from his NACD position, although Em Sam An retained his high ranking position of Secretary of State at the Ministry of Interior and was not charged with any offense. The Prime Minister's action was well received domestically and internationally. The new head of the NACD appointed by the Prime Minister is Lt. Gen. Teng Savong, a generally well respected senior officer who was deputy chief of the National Police prior to this appointment.

Agreements and Treaties. Cambodia has signed, but not ratified the 1961 UN Single Convention on Narcotic Drugs and the 1972 Protocol amending the Single Convention. Cambodia is not a party to the 1971 UN Convention on Psychotropic Substances or the 1988 UN Drug Convention. However, the comprehensive counternarcotics legislation passed by the National Assembly in December 1996 would enable Cambodia to become a party to the above conventions and to implement measures consistent with these conventions. Although Cambodia is not yet a party to the UN drug conventions, the government voluntarily submits the UNDCP annual report questionnaire required of parties to the conventions.

Cambodia has no extradition or mutual legal assistance treaty with the United States, but the Cambodian government has cooperated with U.S. law enforcement agencies regularly in the past by rendering or deporting persons wanted in the United States for crimes, including narcotics, upon request and presentation of an appropriate warrant. The U.S. Embassy in Phnom Penh has been assured that such cooperation will continue. The Cambodian government concluded an extradition treaty with Thailand in 1998 and is in the process of negotiating an agreement with Laos. The Cambodian government views bilateral and regional cooperation with neighboring states and with UNDCP to be essential in its efforts to combat narcotics trafficking.

On November 11, 2001, Cambodia signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants.

Cultivation/Production. Accurate estimates of the level of drug cultivation and production are difficult to come by. As in recent years, Cambodian authorities had some success in combating illicit cultivation during 2001. Some cannabis plantations and fields of varying sizes were destroyed.

Drug Flow/Transit. Cambodia shares porous borders with Thailand, Laos, and Vietnam and lies near the major trafficking routes for Southeast Asian heroin. Some heroin and marijuana are believed to enter and exit Cambodia via the deep water port of Sihanoukville (also known as Kampong Saom), locations along the coastline of Koh Kong (near the Thai border) and Kampot (near the Vietnamese border) provinces, and the river port of Phnom Penh. The country's main international airport, Pochentong International Airport in Phnom Penh, suffers from lax customs and immigration controls, and some illegal narcotics are believed to transit there en route to foreign destinations. Under the Cambodian government's "Open Skies" policy, direct flights from major Asian gateways, including Bangkok and Singapore, began serving the regional airport in Siem Reap (location of Angkor Wat) in 2000. Customs and immigration controls in Siem Reap are rudimentary. There was some concern in late 2001 that developments in Afghanistan could trigger an increase in opium transiting Southeast Asia, including through Cambodia.

Domestic Programs (Demand Reduction). With the assistance of the UNDCP, the World Health Organization (WHO), the Japanese International Cooperation Agency (JICA), and some NGOs, the NACD is attempting to boost awareness about drug abuse among the populace, especially Cambodian youth, through the use of pamphlets, posters, and public service announcements. Cambodia does not have separate rehabilitation centers for recovering drug addicts, but the government has sought outside assistance for programs on drug treatment, rehabilitation centers for drug addicts, and vocational training centers for severe addicts. Several national and international NGOs operate in Cambodia with mandates that directly or indirectly relate to drug control issues, including demand reduction. In August 2001, over 30 international organizations, NGOs and UN Agencies joined together to form the Drug Abuse Forum (DAF). DAF members, which include UNICEF (UN Children's Fund) and IOM (International Office of Migration), have agreed on a work-plan that will include a series of "train the trainer" workshops with staff drawn from the DAF and other government agencies that will transfer fundamental skills and basic knowledge about drugs to the at-risk population. The DAF and UNODCCP will also produce and distribute a range of drug education and awareness materials, including training booklets for field workers, leaflets for mass distribution to school children and youth, and posters and other materials.

IV. U.S. Policy Initiatives and Programs

In November 2001, the President removed Cambodia from the list of major illicit drug producing and major drug-trafficking countries/economies. Cambodia was first placed on the Majors List in 1996 due to information indicating that heroin trafficking was a serious concern, especially in light of the high volume of drug trafficking in the region, the weakness of Cambodian law enforcement institutions, and the lack of an effective criminal justice system and counternarcotics laws. Cambodia was removed from the Majors List because a closer monitoring of the situation indicated that there is no significant amount of heroin or other drugs transiting Cambodia en route to the United States. Cambodia is a marijuana producing country, but production does not appear to be near the level at which a marijuana growing country is considered a major producer under the Foreign Assistance Act of 1961, as amended. There is also no evidence any significant amount of Cambodian marijuana reaches the United States.

Cambodia is a fragile, flawed democracy. For the first time in over three decades, there has been relative political stability following the formation of a democratically-elected coalition government and National Assembly in 1998, but Cambodia is plagued by many of the institutional weaknesses that are common to the world's most vulnerable developing countries. The challenge for the United States includes: nurturing

the growth of democratic institutions and the protection of human rights; providing humanitarian assistance and promoting sound economic growth policies to alleviate the debilitating poverty that engenders corruption; and building human and institutional capacity in law enforcement sectors to enable the government to deal more effectively with narcotics traffickers.

Bilateral Cooperation. Consistent with statutory restrictions on the provision of assistance to the central government of Cambodia, the Department of State's Bureau for International Narcotics and Law Enforcement Affairs as a matter of policy has not provided counternarcotics/anticrime assistance to Cambodia. The U.S. provides some counternarcotics assistance indirectly to Cambodia via multilateral contributions, primarily through the UNDCP.

Despite the suspension of direct U.S. government non-humanitarian assistance to the Cambodian government, including counternarcotics assistance, which continued in 2001, the Cambodian government openly welcomed bilateral cooperation with DEA and with other U.S. law enforcement agencies. Cambodia regularly hosts visits from DEA personnel based in Bangkok, and Cambodian authorities cooperate actively with DEA.

U.S. officials raise narcotics-related issues regularly with Cambodian counterparts at all levels, up to and including the Prime Minister. Senior Cambodian officials freely admit the country's many shortcomings in the area of law enforcement due to corruption and insufficient resources, and regularly appeal for U.S. government assistance, especially in technical training.

The Road Ahead. Funding is needed to encourage greater bilateral and multilateral counternarcotics cooperation involving Cambodia. At every meeting and at every level, Cambodian law enforcement authorities appeal for technical assistance and training. Mid-level Cambodian law enforcement officers have been allowed to attend training courses at the International Law Enforcement Academy in Bangkok (ILEA) since mid-2000. This training has partially addressed Cambodia's dire training needs. The ILEA training has produced a small but growing cadre of Cambodian officials who are becoming familiar with modern police techniques including drug identification, investigations, coordination of operations and intelligence gathering.

Funding assistance is needed to allow working level Cambodian officials to participate in regional counternarcotics conferences, such as the annual meetings of the six greater Mekong sub-region countries that are signatories to the 1993 Memorandum of Understanding on Drug Control with the UNDCP.

In mid-1999, the DEA Country Attaché from Bangkok and the U.S. Ambassador presented the NACD with an INL-funded drug-testing laboratory, but there has been no follow-up U.S. assistance to the laboratory since that time. A DEA chemist visited the laboratory in September-October 2000 and prepared a comprehensive report documenting safety concerns and equipment needs and suggesting sources of funding and training for laboratory personnel. Since that time, however, there has been relatively little substantive follow up by the U.S. side, despite the best efforts of the DEA Bangkok Country Office, which included funding the travel of two Cambodian technicians to Bangkok for training by Thai authorities in use of the drug laboratory. The NACD laboratory continues to operate at minimal capacity, and there is insufficient money available from the Cambodian government to continue laboratory operations. The UNDCP has held discussions with various potential donors regarding funding of safety equipment that needs to be installed at the laboratory to bring it up to acceptable standards for operational use. Assistance is needed to make this U.S.-funded drug laboratory operational, but such bilateral assistance is precluded by current legislative restrictions.

In sum, Cambodia is making progress toward more effective institutional law enforcement against illegal narcotics trafficking, and its leadership is intent on doing more. However, Cambodia's institutional capacity to implement an effective, systematic approach to counternarcotics operations is low.

China

I. Summary

The People's Republic of China (PRC) remains a major transit country for illegal narcotics produced in the Golden Triangle. China continued to take strong measures to stem the production, abuse, and trafficking of narcotics in 2001, but indications like growing seizures and more domestic drug abusers point to a drug problem in China that is getting worse. Chinese authorities clearly understand the threat posed by drug trafficking in the region, and they have begun to take steps to integrate China into regional and global counternarcotics efforts. Trafficking cases rose in 2001, but the amount of illicit narcotics seized by the authorities rose as well. Preliminary figures for 2001 suggest that heroin seizures by Chinese law enforcement personnel will significantly exceed last year's total by year's end, while seizures of amphetamine-type stimulants (ATS), tracking growing illicit domestic production and trafficking, are up as well.

Throughout 2001, Chinese authorities continued to provide U.S. counternarcotics officials with samples of many types of drugs seized en route to the United States. In 2000 the United States and China signed a mutual legal assistance agreement, which entered into force March 8, 2001. China is a party to the 1988 UN Drug Convention.

II. Status of Country

China is situated adjacent to both the "Golden Triangle" and the "Golden Crescent." Most seizures of Southeast Asian heroin now occur within Chinese borders. Preliminary figures suggest that heroin seizures in 2001 were the highest in years, easily topping the record 7,358 kilograms seized in 1998. ATS seized in 2001 will likely exceed the quantity seized in 2000. Drug abuse in general continues to rise in China. The Chinese government has reported that there were 900,000 registered drug addicts in 2001, an increase of over 200,000 in two years. Officials privately admit that the actual number of users is likely far higher.

China is a major producer of precursor chemicals, including acetic anhydride, potassium permanganate, piperonylmethylketone (PMK), and ephedra. China monitors all 22 of the precursor chemicals listed in Table I and Table II of the 1988 UN Drug Convention. China continues to be a strong partner with the United States and other concerned countries in implementing a system of pre-export notification of dual-use precursor chemicals. (For details, see the Chemical Controls section of this report.)

III. Country Actions Against Drugs in 2001

Policy Initiatives. In June 2000, the government issued a "White Paper" on drugs, which laid out a comprehensive strategy for fighting narcotics use and trafficking. This strategy, which covered all of the major goals and objectives of the 1988 UN Drug Convention, puts emphasis on education, rehabilitation, eradication, precursor chemical control, and interdiction. In 2001, Chinese counternarcotics authorities proceeded with these efforts.

Cultivation/Production. Through its effective eradication program, China essentially has eliminated commercial narcotic drug cultivation within the PRC. The government continues to target small-scale cultivation in remote areas of the country's northwest. Ephedra, a plant from which the precursor for methamphetamine is made, grows wild in northern parts of China. The government tightly controls exports of this key precursor.

Faced with a growing threat from methamphetamine and synthetic drugs such as ecstasy, the government made closing down illicit drug laboratories a top priority in 2001. These efforts halted many illicit operations, but new ones continue to spring up, especially in China's more remote locations.

Drug Flow/Transit. China shares a 2,000-kilometer border with Burma. The majority of heroin produced in Burma now travels through China en route to the international market. Reflecting China's importance as a transshipment route, most seizures of Burmese heroin now take place in China. Smaller quantities of heroin enter China from Laos, Vietnam, and Southwest Asia, including an increasing flow from the neighboring "Golden Crescent" countries.

Law Enforcement Efforts. Preliminary figures suggest that seizures of heroin by Chinese law enforcement personnel in 2001 were up in virtually all areas compared to the previous year. China accounted for more heroin seizures in 2001 than all other East Asian countries combined. Seizures of methamphetamine also remained high.

In 2001, responding to U.S. requests, Chinese authorities increased their level of cooperation with the United States in sharing drug-related strategic intelligence. Ministry of Public Security (MPS) officials routinely facilitated trips for U.S. law enforcement authorities operating out of the U.S. Embassy in Beijing. On several occasions, MPS officials provided vital intelligence information on suspected drug traffickers that resulted in the identification of several major suppliers.

Corruption. Chinese officials admit that corruption is one of the most serious problems the country faces. Anticorruption campaigns have led to the arrest of hundreds of government officials, but rarely to a vigorous move against some in the Party and government who must be protecting drug producers and traffickers. China's recent entry into the WTO should have the effect of reducing tariff barriers to imports, and it will hopefully reduce smuggling and its attendant corruption. Narcotics traffickers are frequently able to take advantage of "routine, corrupt arrangements" (pay-to-pass the checkpoint) primarily designed to avoid high customs duties. Cases of narcotics-related corruption in China are seldom reported in the press, but clearly play an important role in China's growing drug trafficking and illicit production problem. At the same time, there are clearly a preponderance of officials who move aggressively against narcotics crime despite blandishment of corrupt payments.

Domestic Programs (Demand Reduction). Education and rehabilitation play major roles in China's counternarcotics strategy. According to official statistics, there were 900,000 registered addicts in 2001, but officials admit that the real figure may be many times higher. Individuals identified as addicts are subject to compulsory rehabilitation. China provides counternarcotics education to all school children, and has also taken steps to warn citizens about the link between intravenous drug use and HIV/AIDS. According to official statistics, the number of HIV/AIDS patients in China has risen to over 22,000, up from a reported 12,639 in 1998. Presently, nearly 71 percent of China's HIV/AIDS cases are reported to have become infected via drug injection, as opposed to 67.5 percent in 1998. China has continued to implement "drug free community" programs in order to mobilize entire communities to work together to combat narcotics trafficking and encourage addicts not to relapse.

Agreements and Treaties. China is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol. China has signed more than 30 mutual legal assistance treaties with 24 countries. On March 8, 2001, a mutual legal assistance agreement between China and the United States entered into force. It potentially constitutes a powerful tool for obtaining evidence important to the U.S. investigation and prosecution of transnational criminals, including narcotics traffickers. China has long refused to provide assistance in response to U.S. requests, and this reluctance has continued since the mutual legal assistance agreement entered into force. In 1999, China and the United States signed a bilateral customs mutual assistance agreement, but China has not yet activated it. This agreement, if brought into force, would facilitate cooperation by customs officials and enhance the flow of narcotics intelligence.

China also cooperates actively with countries in the region in the fight against drug trafficking. Along with the UN Drug Control Program and five Southeast Asian nations (Cambodia, Laos, Burma, Thailand, and Vietnam), China is a member of the Memorandum of Understanding (MOU) program. In the MOU, the members agreed to collaborate on drug-control projects and programs. In August 2001, senior officials from Thailand, Burma, Laos, and China met in Beijing to discuss ways to strengthen regional efforts to

fight drug trafficking and the transshipment of precursor chemicals. China and Laos continue to cooperate in combating transnational crimes, including narcotics trafficking. China continues to support crop-substitution initiatives for farmers in Burma and Laos, as well as demand reduction efforts in areas bordering Yunnan province. China participates in the ASEAN-and-China Cooperative Operations in Response to Dangerous Drugs (ACCORD) program, an action plan developed by ASEAN in partnership with UNDCP. ACCORD has four major goals: fostering civic awareness of the dangers of drugs in the community, undertaking effective demand reduction, strengthening rule of law and law-enforcement cooperation, and eliminating illicit drugs through alternative development and eradication. China also participates in the “Six plus Two” Drug Control Mechanism program, with Iran, Pakistan, Tajikistan, Turkmenistan, Uzbekistan, Russia, and the U.S.

IV. U.S. Policy Initiatives and Programs

Bilateral counternarcotics cooperation improved further in 2001. Chinese and U.S. officials continued to cooperate closely in conducting transnational investigations, exchanging information on existing and emerging threats, and developing Chinese law-enforcement capabilities.

Ministry for Public Security counternarcotics officers attended training courses at the International Law Enforcement Academy in Bangkok, Thailand, such as the Narcotics Unit Commanders Course, and the Transport Interdiction Course, and a training course organized by the DEA for forensics officials. In 2001, Chinese authorities provided their U.S. counterparts drug samples on numerous occasions.

The Road Ahead. Despite these advances, there is much room for improvement in U.S.-China cooperation on narcotics control, particularly in expanding and strengthening cooperation by exchanging narcotics-related intelligence. The United States has proposed holding regular meetings of working-level counternarcotics officials to discuss specific topics and targets of mutual interest, but little progress has been made in this area to date. The United States also continues to encourage China to provide more samples of narcotics seized. As in the past, the United States will continue to monitor both the transshipment of Burmese heroin through China and the threat posed by the explosive growth of methamphetamine trafficking in China.

Fiji and Tonga

I. Summary

Neither Fiji nor Tonga is a major producer or a significant consumer of narcotics. There are some indications both Fiji and Tonga are being used by drug syndicates as transshipment points for drugs bound for Australia, Canada, and New Zealand. Police suspect that Fiji has also been used to transship drugs to the United States. Both Fiji and Tonga are parties to the 1988 UN Drug Convention.

II. Status of Country

Indications of the quantity of drugs transiting Fiji and Tonga are provided by the November 2001 seizure in Tonga of 100 kilograms of cocaine, and the seizure in Fiji of 357 kilograms of 90 percent pure heroin in October 2000. On November 21, 2001, the Tonga police seized 100 kilograms of cocaine hidden in a shipment of floor tiles. The tiles were shipped to Tonga from Panama. Paperwork associated with the shipment indicates that the floor tiles were scheduled to be shipped to Fiji and then to Australia. The Australian federal police are working with Tonga in this investigation and state that they believe that an additional 150 kilograms of cocaine had already transited Tonga before the Tonga police discovered the cocaine they seized. Neither the Fiji nor Tonga police forces are capable of combating major drug activity without assistance.

The greatest impediments to effective narcotics enforcement in Fiji and Tonga are their outdated laws and inexperienced and under-trained police. For example, Fiji law requires the approval of the President of Fiji in order to conduct a wiretap. Fiji law also requires that before customs officers can open a suspicious package or container the owner must be informed and must be present. Even when laws provide for modern investigative techniques, the police are often unable to manage such techniques. The maximum possible sentence for narcotics offenses in Fiji is eight years.

Both Fiji and Tonga have laws permitting controlled deliveries of drugs for investigative purposes, although the ability of both local police forces to conduct such operations is limited. They do not have the training, personnel, or equipment to conduct the surveillance that would be part of a controlled delivery. Fiji police have conducted one controlled delivery with personnel and technical assistance from the Australian federal police. The use of controlled deliveries by the police is also limited because Fiji and Tonga laws require the police to prosecute only based on the amount allowed to remain in the controlled delivery and not the original amount of drugs.

Fiji does have a law to provide for the confiscation of the proceeds earned from the commission of serious offenses. The Fiji police have never used these asset seizure laws in a criminal case. Nor have they ever used the provision of the law for identifying criminal proceeds.

III. Country Actions Against Drugs in 2001

Policy Initiatives. Both Fiji and Tonga are taking steps to try to modernize their narcotics laws and criminal investigative procedures. Fiji and Tonga have established Combined Law Agency Groups (CLAGs). CLAGs consist of law enforcement and other agencies and are designed to provide for the timely exchange of information, enhance cooperation efforts, and develop joint target strategies.

Cultivation/Production. Fiji has a growing internal problem with the cultivation and sale of cannabis. Other than cannabis, neither Fiji nor Tonga produces any drugs. Neither plays any role in the procurement of precursor chemicals.

Fiji is working to meet the goals of the 1988 UN Drug Convention. The Fiji police seized 175 kilos of marijuana in a raid on a rural farming area in 2001. As the economy continues to worsen, an increasing number of farmers are switching to marijuana. There are no known incidents of export of cannabis from Fiji. Cannabis is the drug of choice primarily for economic reasons. The average income level in Fiji does not allow for the purchase or use of more expensive drugs.

Agreements and Treaties. Both Fiji and Tonga are parties to the 1988 UN Drug Convention and both are trying to meet the goals and objectives of the Convention. Fiji and Tonga are also parties to the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances.

The 1931 U.S.-UK Extradition Treaty remains in force between the United States and Tonga through a 1977 exchange of notes. Similarly, the 1931 U.S.-UK Extradition Treaty remains in force between the United States and Fiji through an exchange of notes that entered into force in 1973. Cooperation generally between Fiji, Tonga, and the United States is excellent

Corruption. The political instability caused by the overthrow of the previous government makes Fiji highly vulnerable to corruption, while poverty contributes to corruption in Tonga.

Law Enforcement Efforts. According to Tonga officials, Tonga faces an increased threat from the large number of criminal deportees sent from the United States. Officials note that in 2000, 23 criminals were deported to Tonga from the United States in accordance with U.S. law requiring the deportation of criminal aliens. As of the date of this report, 25 more criminals had been deported to Tonga in 2001. Many of these deportees had been convicted for drug-related crimes and other serious offences, such as armed assault, armed robbery, and sexual assault. In May 2001 Tonga police identified at least three deportees who were members of the “Tonnage Crip Gang” while in the United States. Tonga authorities say that they are now faced with sophisticated criminals whose skills and knowledge exceed that of the local authorities. Authorities of Tonga have stated that crime is increasing 40 percent each year in Tonga. Tonga police do not have the training or equipment to deal with the increase in either the number of crimes or the sophistication of criminals.

Hong Kong

I. Summary

Hong Kong's efficient law enforcement efforts, the availability of alternate transport routes, and the development of port facilities in southern China have diminished Hong Kong's role as a major transshipment/transit point for drugs destined for the United States and the international market. Traffickers continue to operate from Hong Kong, however, arranging for shipments from drug producing areas to such destinations as Australia and Canada. Hong Kong adopts a multi-pronged strategy in combating drug trafficking and abuse covering legislation and law enforcement, treatment and rehabilitation, preventive education, research, and international cooperation. Hong Kong plays an active role in international cooperation to combat illicit trafficking of narcotics drugs. In November 2000, Hong Kong was removed from the U.S. list of major illicit drug producing or major drug-transit points, although it remains a country/economy of concern to the United States. The 1988 UN Drug Convention, to which the PRC is a party, applies to Hong Kong.

II. Status of Hong Kong

Hong Kong's role as a key port city in close proximity to the Golden Triangle and Mainland China historically made it a natural transit/transshipment point for drugs moving from Southeast Asia to international markets, including the United States. In recent years, Hong Kong's law enforcement efforts and the rapid development of alternate transport facilities in southern China and other transport routes in Southeast Asia have reduced Hong Kong's role as a transit/transshipment center for narcotics. Nevertheless, limited amounts of drugs continue to transit Hong Kong to the United States and the international market.

Hong Kong law enforcement officials continue to maintain a cooperative liaison relationship with their U.S. counterparts on narcotics and related criminal activities. Hong Kong is not a producer of illicit drugs, and, according to Hong Kong authorities, drugs seized in Hong Kong are smuggled in mostly for local consumption.

The overall number of drug abusers in Hong Kong increased by 10.5 percent from the first half of 2000 (10,710) to the first half of 2001 (11,839). For persons aged 21 and under, an increase of 24.7 percent was recorded during the same period. The sharp increase was mainly driven by the upward trend of abuse in psychotropic substances, such as MDMA (ecstasy) and ketamine. Heroin, used by 71.8 percent of the registered abusers, remains the most commonly abused narcotic in Hong Kong.

III. Actions Against Drugs In 2001

Policy Initiatives. In response to a decision by the United Nations Commission on Narcotic Drugs to tighten control on gamma-hydroxybutyric acid (GHB) and 4-methylthioamphetamine (4-MTA), Hong Kong in October 2001 amended Schedule I of its Dangerous Drugs Ordinance to include these two substances. The Hong Kong government, under the guidance set out in the 1988 UN Drug Convention, tightly controls the licensing of 25 precursor chemicals through the Control of Chemicals Ordinance. This ordinance allows the government to suspend the license of any applicant suspected of false representation and to seize any chemicals in the suspect's possession.

Under the Drug Trafficking (Recovery of Proceeds) Ordinance (DTROP) and the Organized and Serious Crimes Ordinance (OSCO), a court may issue a restraint order against a defendant's property. Property includes money, goods, real property, and the instrumentalities of crime. In 2002, the Hong Kong government plans to reintroduce to the legislature amendments to strengthen the DTROP and OSCO.

The proposed amendments would streamline confiscation procedures and increase the liability of financial institutions engaged in money-laundering activities. There is no express provision in Hong Kong law that provides for sharing confiscated assets with foreign jurisdictions. The law, however, does allow for assets confiscated from an external confiscation order to be held in a special account that enables sharing of assets. In September 2001 the U.S. government received over \$3 million in proceeds from a joint U.S.-Hong Kong narcotics investigation.

A new bill centralizing and standardizing the licensing of drug treatment and rehabilitation centers was passed in April 2001. The Drug Dependent Persons Treatment and Rehabilitation Centers Ordinance has improved the quality of service and the protection of patients' rights. Under this law, the Social Welfare Department of the Hong Kong government became the sole authority for licensing drug treatment and rehabilitation centers throughout Hong Kong.

Law Enforcement Efforts. Hong Kong's law enforcement agencies accord high priority to the suppression of drug trafficking and the control of precursor chemicals. Hong Kong is not a drug producing territory. Drugs are smuggled into Hong Kong primarily for local consumption and only to a limited extent for onward shipment to the international market. The Hong Kong police take a three-level approach to combating narcotics distribution: at the headquarters level, the narcotics bureau targets drug trafficking and high-level traffickers. The regional police force focuses on trafficking across police district boundaries. At the district level, the police aim to eradicate street-level distribution. Hong Kong works closely and cooperatively with U.S. law enforcement agencies.

The narcotics bureau of the Hong Kong police cooperates with the People's Republic of China, Canada, Australia, the United States, and countries throughout Southeast Asia in combating international drug trafficking. However, its resources are primarily focused on syndicates involved in supply and distribution of drugs to the Hong Kong domestic market.

The Hong Kong Customs and Excise Department (HKCE) continues to strengthen its counternarcotics efforts. In March 2001, HKCE established a 34-person task force, the Control Point Investigation Division, specifically aimed at combating smuggling and drug trafficking between Hong Kong and Mainland China. The main function of this new task force is to collect and analyze the latest smuggling and drug trafficking patterns and modus operandi of traffickers to assist frontline officers in targeting suspicious passengers, cargoes, and vehicles.

In 2001 HKCE also improved its narcotics detection capability. Two sets of mobile x-ray systems at a cost of U.S. \$5.5 million were put into use at container terminals and border control points. These x-ray systems can scan a fully loaded 40-foot container within 20 minutes without off-loading the cargo. HKCE also completed its first narcotics canine training program in 2001. The narcotics canine unit now has 31 officers and 25 highly trained detector dogs, including five passive alert dogs. These dogs have been deployed at the airport, land border control points, and container terminals.

Corruption. There is no known narcotics-related corruption among senior government or law enforcement officials of Hong Kong, and there is no evidence that any senior Hong Kong officials engage in, encourage, or facilitate the laundering of proceeds from illegal drug transactions. Hong Kong has a comprehensive anticorruption ordinance that is effectively enforced by the Independent Commission Against Corruption (ICAC), which reports directly to the Chief Executive.

Drug Flow/Transit. Although Hong Kong's role as a major narcotics transit/transshipment point has diminished in recent years, a limited amount of illicit narcotics continues to transit Hong Kong for the international market, including the United States. In January 2001, authorities in New Jersey seized a 58-kilogram heroin shipment that had transited Hong Kong. As several seizures in 2001 indicate, small quantities of drugs, usually weighing two to five kilograms, are still being sent from Hong Kong to the United States, either by courier service or through the postal system. Hong Kong traffickers, using Hong Kong as a base, continue to control large portions of Southeast Asian narcotics traffic, using various

routes and means throughout the region. For example, in December 2001 Hong Kong authorities seized 30 kilograms of heroin destined for Taiwan.

In an effort to eradicate Hong Kong's role as a transport/transshipment point for illicit drugs, Hong Kong authorities have developed a database of information on all cargoes, cross-border vehicles, and shippers. The Air Cargo Clearance System (ACCS), the Land Border System (LBS), and the Customs Control System (CCS) are all capable--at the click of a button--of processing information on all import and export cargoes, cross-border vehicles, and vessels.

International Cooperation. The narcotics division of the Hong Kong Security Bureau and the Action Committee Against Narcotics (ACAN) jointly hosted a trilateral (Guangdong, Hong Kong, and Macau) conference on "Policy To Tackle Drug Abuse And Drug Trafficking" in November 2001. The purpose of the conference was to enhance counternarcotics cooperation among Guangdong Province, Hong Kong, and Macau officials. Over 350 people attended.

Hong Kong maintains close links with the United Nations, the World Health Organization (WHO), Financial Action Task Force (FATF), INTERPOL, and the World Customs Organization (WCO) as well as with individual governments around the world to combat narcotics trafficking and abuse. Hong Kong has mutual legal assistance agreements with the United States, Australia, France, the United Kingdom, New Zealand, Italy, Republic of Korea, and Switzerland. Hong Kong has also signed surrender of fugitive offenders agreements with 12 countries, including the United States, and transfer of sentenced persons agreements with three countries, including the United States. Hong Kong provides assistance to over 140 countries for the restraint and confiscation of proceeds from drug trafficking under the Recovery of Proceeds Ordinance. In addition, Hong Kong's law enforcement agencies maintain close liaison relationships with Mainland China and counterparts in many countries. Through their established liaison channels, they exchange operational intelligence on drug trafficking, money laundering, and control of precursor chemicals.

Domestic Programs (Demand Reduction). In 2001, Hong Kong's preventive education policy continued to focus on youth and parents. Hong Kong provides a comprehensive drug prevention program through its education system. In September 2001 the program was expanded to cover all English-speaking schools. In the first ten months of 2001, three NGOs commissioned by the Hong Kong Narcotics Division gave drug educational talks to over 87,000 students in more than 400 schools and technical institutes. During the same period there were over 70 programs aimed specifically at educating parents and employees of youth organizations on drug abuse. An exhibition hall on narcotics is being built in the newly opened Drug Infocenter in order to spur further interest in efforts to combat drug abuse in Hong Kong.

Cultivation/Production. Hong Kong is not a producer of illicit drugs.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives/Programs. U.S. law enforcement officials continue to emphasize joint investigations with their Hong Kong counterparts to develop prosecutable cases--either in Hong Kong, the United States, or other jurisdictions. Hong Kong continues to be an active participant in U.S.-sponsored training programs on narcotics and money laundering. In 2001 over 30 Hong Kong officials attended programs at the International Law Enforcement Academy (ILEA) in Bangkok, Thailand. ILEA Bangkok's year 2001 curriculum included courses on airport programs and controlled deliveries, complex financial crimes, as well as a "Narcotics Commander" course and three supervisory criminal investigator courses dealing with regional drug and money-laundering issues. Also, in September 2001 ten ILEA-Bangkok graduates from Hong Kong attended a new advanced management course offered at the ILEA in Roswell, New Mexico.

The Road Ahead. The United States will continue to encourage Hong Kong to maintain an active role in combating narcotics and money laundering consistent with its international stature. The United States

continues to emphasize the importance of close cooperation based on open, complete, and timely information exchange between Hong Kong and U.S. law enforcement agencies to strengthen, enforce, and implement existing laws and guidelines.

Indonesia

I. Summary

Although by international standards Indonesia is not a major drug producing, consuming, or drug-transit country, the use of drugs produced or manufactured in Southeast Asia is increasing. To improve its ability to combat this trend, the Indonesian National Police (INP) has participated in several international donor-initiated training programs. The INP received much needed equipment, re-directed the focus of its forces to operations, and improved its relationship and interaction with NGOs dealing with drug users and rehabilitation. Yet these efforts fall well short of having a demonstrable impact on illicit drug trafficking, manufacturing, sales, and use. For example, the Narcotics Detective Unit of Greater Jakarta has a total of 150 investigators, who cover a city with a population of nearly 15 million. The head of this unit also doubles as the head of the Anti-Terrorism and Bomb Unit. Indonesia has legislation to support and enable an aggressive response to illicit narcotics activities. The police have the support of the judiciary and civil society in this regard, but they lack the organizational framework and certain fundamental capacities to effectively target the drug trade. The INP is limited not only by what assistance it can derive from major international donors, but also by its own inability to plan, develop, and implement a comprehensive drug prevention and enforcement program. Indonesia is a party to the 1988 UN Drug Convention.

II. Status of Country

The drug of choice in Indonesia continues to be amphetamine-type stimulants (ATS), such as methamphetamine, MDMA (ecstasy), and especially “ice,” which is also known locally as “Shabu Shabu” (crystal methamphetamine). Police and NGO statistics indicate use of these and other narcotics has increased in 2001. Although use remains comparatively low per capita, heroin, cocaine, and marijuana use is reportedly up 90 percent from 2000. These drugs are readily available in all major urban areas, including schools, Karaoke lounges, bars, cafes, discotheques, night clubs, and, in increasing numbers, certain neighborhoods and villages becoming known for their tolerance of drug trafficking.

Informal reports and other anecdotal information received by the DEA indicate that marijuana continues to be harvested in North Sumatra, the Aceh area in particular. The INP alleges that the Free Aceh Movement (GAM), a separatist organization in Aceh, traffics in marijuana domestically to support its operations. However, the INP has produced no evidence to support this allegation. Nevertheless, arrests for distribution and possession of marijuana have increased significantly throughout the archipelago.

The coordinator of the National Anti Narcotics Movement (Granat), the most prominent drug prevention NGO in Indonesia, confirms that the use of heroin and opium derivatives is increasing, particularly in Jakarta. The INP Narkoba Unit, Directorate of Customs and Excise, and DEA believe heroin is smuggled into Indonesia from the “Golden Triangle” countries (Thailand, Burma, and Laos). Arrests and intelligence indicate that drugs entering Indonesia frequently transit Thailand, either from Bangkok to Jakarta or from Bangkok to Singapore to Jakarta. The INP also reports an increase in heroin and opium derivatives being smuggled into Jakarta and Bali from the “Golden Crescent” countries (Afghanistan, Pakistan, and Iran). From either area, the bulk of these narcotics are transiting Indonesia en route to Australia, the United States, and Western Europe. Drugs transiting Indonesia do not have a significant impact on the United States.

The INP and Directorate of Customs and Excise indicate that much of the heroin coming in from East and Southwest Asia is being transported by or on behalf of Nigerian traffickers. It is alleged they solicit, or in some cases marry, Asian women for the purpose of transporting heroin into and through Indonesia. Anecdotal information to the DEA, as well as news accounts, suggests that Africans (especially Nigerians)

are very closely scrutinized by Indonesian enforcement, and that the potential for them to be brutalized or killed during an attempted arrest is statistically greater than any other ethnic group.

There are reports from Narkoba of an increasing number of clandestine methamphetamine and ecstasy laboratories in Indonesia. Yet international trafficking of these drugs into Indonesia still represents the largest source for these stimulants. China is said to be the primary source of ecstasy and crystal methamphetamine, entering through any one of hundreds of entry points along Indonesia's extremely porous coastline. None of these entry points, including Jakarta, have adequate detection or enforcement mechanisms. Neither the Airport Police, nor the Navy, nor the Directorate of Customs and Excise is trained, equipped, funded, or otherwise adequately supported to deter or detect drugs. The same can be said of the entities responsible for domestic enforcement, the INP's Narkoba and Criminal Investigations Units.

Arrest statistics, information about users in rehabilitation, and hospital data indicate that cocaine is not widely used in Indonesia. However, one arrest at Soekarno Hatta Airport in June 2001 netted 15.2 kilograms of cocaine. By comparison, according to INP statistics, from 1997 through 2000, a total of half a kilogram was confiscated in Indonesia. The traffickers arrested in June were from Mexico.

III. Country Actions Against Drugs in 2001

Policy Initiatives. Indonesia has not passed any new counternarcotics legislation since 1997. Nevertheless, the Indonesian counternarcotics code is sufficiently inclusive to enable the police, prosecutors, and the judiciary successfully to arrest and prosecute offenders. Enforcement officials lack training and experience in contemporary enforcement and investigative methodologies, and corruption is a constant problem.

In November 2000 Indonesia hosted the ACCORD conference in Bali, which brought together experts from ASEAN countries and China to discuss narcotics abuse/trafficking issues.

Indonesia plans to order its Narkoba Unit to assist the Airport Police. Narkoba's assistance to the Airport Police, a concept long supported by the DEA, will improve the Airport Police's enforcement capacity as well as enhance its in-service training capability. With previously allocated State Department funding support, training will be provided in support of this Indonesian initiative. The program will focus on management, logistical and tactical considerations, detection, interdiction, and use of canines and appropriate scanning equipment.

Accomplishments/Law Enforcement Efforts. Indonesia has no counternarcotics master plan. Until one is developed, the INP will have difficulty articulating its immediate and long-term counter narcotics enforcement goals. Nonetheless, the INP and other entities have taken some measures to address Indonesia's growing drug problem.

During a recent seminar in Jakarta, President Megawati called on the National Coordinating Board Against Narcotics (BKNN) to become operational. The chief of the INP, Da'i Bachtiar, has stated publicly that he will model BKNN after the United States DEA, and it will have specific responsibility for intelligence networking and investigation of international drug syndicates that impact Indonesia's counternarcotics efforts.

The Indonesian Navy, with support from President Megawati, has begun to act more aggressively against crimes committed within Indonesia's territorial waters, to include drug enforcement and interdiction. Furthermore, there are efforts under way to better define and clarify the roles of the Navy and the INP's Air and Sea Police to avoid duplicating efforts.

Agreements and Treaties. Indonesia is a party to the 1988 UN Drug Convention, the 1971 Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol amending the Single Convention. Indonesia signed the UN Convention against Transnational Organized

Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants in December 2000.

Corruption. Indonesia has laws to punish official corruption, including corruption by high level officials. Indonesian law also punishes anyone who tries to hamper the investigation or prosecution of a narcotics crime with five years in prison and a fine of Rupiahs 150,000,000 (approximately \$15,000). These laws are rarely enforced, and low salaries mean individual officials are susceptible to bribery.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Indonesia and the United States continue to enjoy excellent law enforcement cooperation. For example, the DEA continues to have an excellent operational relationship with the INP's Narkoba Unit. The United States offered training to Indonesian officials through the regional International Law Enforcement Academy (ILEA) in Bangkok and the U.S. Justice Department International Criminal Investigative Training Assistance Program (ICITAP). The Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL) provide funding for experts from many U.S. agencies to travel to Indonesia to provide assistance and training. INL also provides funding to support the full-time police advisor currently in Indonesia. The INP continues to work very closely with the DEA regional office in Singapore in all narcotic investigations. Several airport interdiction courses are scheduled for 2002, sponsored by the DEA.

The Road Ahead. Indonesia and the United States will continue to work closely together to improve capacity in Indonesia to enforce its counternarcotics laws and to administer justice more effectively. Both countries will continue to exchange information about narcotics traffickers operating in Southeast Asia. During 2001, the DEA will encourage the INP's Narkoba Unit to develop a counternarcotics master plan.

Japan

I. Summary

Although Japan is not a major producer of drugs, it is believed to be one of the largest methamphetamine markets in Asia, with approximately 600,000 addicts and 2.18 million casual users nationwide. During 2001, Japanese authorities seized 458.2 kilograms of methamphetamine. Japanese authorities also seized 29,340 tablets of MDMA (ecstasy), the largest seizure of its kind in Japan. Through November, authorities seized over 112,000 tablets. They also reported an increase in the amount of heroin imported from Southeast Asia. Japan is a party to the 1988 UN Drug Convention.

II. Status of Country

Japan is not, nor is it likely to become, a significant producer of narcotics. The licit cultivation of opium poppies, coca plants, and cannabis for research is strictly monitored and controlled by the Ministry of Health, Labor and Welfare. Methamphetamine is Japan's most widely abused drug. Approximately 90 percent of all drug arrests in Japan continue to involve this substance. In spite of a significant methamphetamine abuse problem, there is no evidence of clandestine manufacturing in Japan. Ephedrine, the primary precursor for the manufacture of methamphetamine, is strictly controlled under Japanese law.

Authorities continue to estimate methamphetamine importation into Japan to be between ten and 20 metric tons per year (based on 2.18 million users consuming 11 grams per person annually). Japanese law enforcement officials have made record methamphetamine seizures in the last three years. Through November 2001, 458.2 kilograms of methamphetamine were seized. Single record seizures of 29,640 ecstasy tablets were also made during 2001. Authorities believe the majority of the methamphetamine smuggled into Japan is refined and/or produced in the PRC, the Philippines, Taiwan, and North Korea.

Methamphetamine trafficking remains a significant source of income for Japanese organized crime, and Japanese law enforcement officials report that the participation of the illegal immigrant population in drug trafficking activity has continued to increase. Japan also remains a transshipment country for the cocaine precursor chemical potassium permanganate to Mexico and South America. According to Japanese law enforcement authorities, importation of heroin from Southeast Asia to Japan increased in the final four months of 2001. However, the DEA's office in Tokyo does not view heroin consumption in Japan to be a significant problem compared to other illegal drugs. The National Police Agency (NPA) and Japanese Customs also reported a resurgence in use of marijuana and hashish imported into Japan from the Philippines and Thailand in 2001. However, as with heroin, marijuana and hashish use remains minor compared to methamphetamine use in Japan. Hallucinogens are controlled substances in Japan. Neither the possession, distribution, nor the importation of certain hallucinogenic plants is illegal in Japan, but efforts are underway to close this loophole.

III. Country Actions Against Drugs in 2001

Policy Initiatives. In December 2001, the Japanese Diet enacted legislation which outlaws the importation, sale, distribution, and possession of Gamma Hydroxy Butrate (4-methyioamphetamine), aka roffies, rohypnol, or the "date rape drug."

The Ministry of Health, Labor and Welfare also began drafting a new law that would outlaw the importation, distribution, sale, and possession of certain hallucinogenic plants, with the aim of submitting implementing legislation in 2002.

Accomplishments. In December 2001, the United States and Japan held another round of negotiations on a mutual legal assistance treaty. The two sides hope to conclude negotiations on the treaty in 2002. Once it enters into force, the treaty is expected to expedite and strengthen law enforcement cooperation.

As an active member of the UNDCP major donors group, Japan provided important financial support to many UNDCP programs. Japan also participated in all major conferences conducted throughout the world that concerned narcotics trafficking in 2001.

Law Enforcement Efforts. While they seized less than the record amounts seized in 1999 and 2000, Japanese authorities seized a large quantity of methamphetamine (458 kilograms) in the first 11 months of 2001. Narcotics enforcement agents also made record seizures of ecstasy (29,640 tablets) in 2001.

Police counternarcotics efforts tend to focus on Japanese organized crime groups, which are the main smugglers and distributors of drugs. However, police and prosecutors have been hesitant to pursue cases in which the likelihood of a conviction is uncertain. In addition to smuggling and distribution activities, law enforcement officials are starting to pay increased attention to drug-related financial crimes. The Financial Services Agency received over 10,000 reports of suspicious transactions in 2001.

Between 1992, when the Asset Seizure Law took effect, and 1999, the NPA has seized a total of about U.S. \$7.23 million in drug proceeds in 82 investigations. However, the NPA and Customs advise that seizure statistics are no longer maintained. Japanese authorities seize money primarily as trial evidence. After conviction, judges may order the forfeiture of narcotics-related proceeds, but statistics on these forfeitures are not maintained.

Corruption. Japan has no known drug-related corruption.

Agreements and Treaties. Japan ratified the 1988 UN Drug Convention in 1992. Japan is a party to the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. An extradition treaty and a customs mutual assistance agreement are in force between the U.S. and Japan. The U.S. and Japan completed another round of negotiations on a mutual legal assistance treaty in December, which the two sides hope to conclude in 2002. Japan signed the UN Convention against Transnational Organized Crime in December 2000.

Cultivation/Production. Although Japan is not a significant cultivator or manufacturer of controlled substances, it is a major producer of 60 types of precursor chemicals that have legitimate industrial uses. For example, Japan is one of only a handful of countries that produce ephedrine, a chemical used to create antihistamines. Ephedrine is also an essential ingredient in methamphetamine. Japan is a member of the Chemical Action Task Force (CATF) and controls 28 chemicals. The DEA country attaché in Japan, working closely with his Japanese counterparts, closely monitors end users of precursors.

Drug Flow/Transit. Almost all drugs illicitly trafficked in Japan are smuggled from overseas. According to the NPA, the PRC, the Philippines, Taiwan, and North Korea are principal sources.

Domestic Programs (Demand Reduction). Domestic programs focus primarily on interdiction. Drug treatment programs are small, and are generally run by private organizations. The Japanese government provides narcotics-related counseling designed to prevent drug use and supports the rehabilitation of addicts at prefectural Health Centers and Mental Health and Welfare Centers. Prefectural governments also employ part-time narcotics counselors. The Japanese government continued to support a number of drug awareness campaigns, including the five-year campaign drawn up in 1998 by the Headquarters for the Promotion of Measures to Prevent Drug Abuse, an office headed by the Prime Minister. This program is designed to inform the public about the growing use of stimulants in Japan, especially among junior and senior high school students. Under this plan, the Ministry of Health and Welfare, along with prefectural governments and a variety of private organizations, continued to administer national publicity campaigns using advertisements that run on television, radio, and electronic score boards used at major sporting events. The plan also promotes drug education programs at the community level, including one that

organizes talks between students and former narcotics officers, and another poster campaign that targets students attending high school baseball games.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. U.S. goals and objectives include:

- conclusion of a mutual legal assistance treaty;
- strengthening enforcement cooperation, including participation in controlled deliveries and drug-related money laundering investigations;
- encouraging more demand reduction programs; and
- encouraging effective use of anticrime legislation and government agencies responsible for financial transaction oversight.

Bilateral Cooperation. U.S. and Japanese law enforcement officials continued to cooperate in 2001 to monitor the use of precursor and essential chemicals. However, joint money laundering investigations remain a goal.

The Road Ahead. The United States and Japan will continue to work to conclude negotiations on a mutual legal assistance treaty and to explore new cooperative counternarcotics initiatives.

Laos

I. Summary

With an effective ban on opium production in Afghanistan in 2001, Laos was the world's second largest producer of illicit opium, although its production lagged well behind Burma's. For the 2001 growing season, the United States estimated Laos' potential production at 210 metric tons, the same level as in 2000. However, poppy cultivation decreased by five percent, from 23,150 hectares in 2000 to 22,000 in 2001. U.S. data indicates that Phongsali and Houaphan provinces continue to be the largest producers of opium poppy.

From a policy perspective, the Government of Laos (GOL) adopted a much stricter approach to drug control in 2001. In accordance with a prime ministerial order issued in late 2000, it outlined tough new measures for eliminating opium production, imposed the death penalty for certain drug-related crimes, and organized a national campaign to address the growing problem of methamphetamine abuse among teenagers. On the other hand, Lao efforts at law enforcement fell well short of these ambitious policy goals, and the Lao law enforcement authorities did not arrest any major drug traffickers. The GOL devoted few of its own resources to fighting drugs, relying overwhelmingly on the donor community.

In late 2000, the government formally committed itself to eliminating opium cultivation by 2006; in March, the Seventh Communist Party Congress moved up that deadline to 2005. In April, the government passed new legislation imposing the death penalty for certain crimes relating to drug production and trafficking. The GOL continued to work closely with the UNDCP to develop a master plan for opium elimination and to raise funds for that effort. The government also cooperated with the German government on several crop-control projects and in the area of demand reduction. In the Lao-American project area of Phongsali Province, construction continued on a 72-km road that will link remote, opium-cultivating villages and facilitate alternative crop substitution and market access. Development activities in public health, education, and agriculture began in some of those villages. New counternarcotics law enforcement offices (CNOs) were opened for Vientiane and Saignabouli. The amount of heroin and opium seized increased, and the Lao police provided some information to U.S. officials on a handful of cases. Police performance in general, however, continued to fall far short of goals. Counternarcotics police units need more training and better coordination, and the government must take action against major traffickers and officials who support them.

Laos is not yet a party to the 1988 UN Drug Convention; its stated goal is ratification of the convention in the near future, as agreed by all participants in the 1998 UN General Assembly Special Session (UNGASS) on drugs.

II. Status of Country

Laos was the second largest producer of illicit opium in the world in 2001. Far less opium is produced in Laos than in Burma. According to the UNDCP, Laos also has the second highest rate of opium addiction in the world, behind Iran. Because Lao opium is grown by small-scale subsistence farmers without access to fertilizer, irrigation, or other agricultural improvements, average yields are usually less than half that found in neighboring Burma. The United States continues to support crop control and development programs in Laos in order to help the GOL change farmer practices before an improving economy or organization of opium cultivation by criminal syndicates boosts yields and overall production.

Laos' location next to one of the world's largest producers of opium and heroin (Burma), and its land borders with countries that combine important opium markets and ports on trade routes to Europe and America (China, Thailand, Vietnam, and Cambodia), make it an important route for drug trafficking. This importance is increasing as Laos' physical and communications infrastructures gradually improve. USG

assistance aims to help develop and upgrade Lao judicial and law enforcement institutions before regional trafficking syndicates overwhelm them.

The GOL has made public commitments to eventually becoming a party to the 1988 UN Drug Convention, and in the meantime, to attempt to abide by the provisions of that convention. In practice, progress toward this goal has been slow and uneven. The most problematic area for the Lao government in meeting the objectives of the convention is its failure to prevent and punish narcotics-related corruption.

III. Country Actions Against Drugs in 2001

Policy Initiatives. In conformity with a prime ministerial order released in late 2000, all levels of government began to show new initiatives with respect to drugs, with the goal of eliminating opium by 2006. In March, the Seventh Party Congress of the Lao Communist Party set an even more ambitious deadline for opium elimination--2005. The government sponsored many seminars, training workshops, and public gatherings devoted to the topic of drug prevention. Demand reduction programs and activities were introduced in schools, factories, and programs of Lao women and youth unions. Counternarcotics sports events and concerts were held. The Ministry of Education, with assistance from the German government, developed educational curricula for demand reduction and distributed them in the schools. The Ministry of Information and Culture, also with German assistance, produced radio and television advertisements. The Prime Minister's Office launched a major new initiative regarding methamphetamine abuse.

The GOL continued to work closely with the UNDCP on a master strategy for opium elimination that includes alternative development, law enforcement, and demand reduction elements. A couple of projects under that strategy were started with USG funding. Most of the plan, however, remained on the drawing board because of lack of funds. The GOL provides little of its own funding to the drug effort except through provision of personnel. The government's reliance on international donors to support its counternarcotics programs makes those programs extremely vulnerable to developments outside the control of Laos. The government needs to devote more of its own resources to the fight against drugs.

Accomplishments. As in previous years, the GOL and UNDCP conducted an opium field survey of nearly 400 villages in 11 provinces of northern Laos. The survey produced new data that will aid the GOL and the donors in further refining their counternarcotics efforts. The Lao and Thai governments finalized a bilateral extradition treaty. The Lao showed increased willingness to discuss regional drug issues with their neighbors, and with outsiders. Lao counternarcotics officials attended a counternarcotics meeting in Phnomh Penh with Cambodian counterparts; hosted a conference of ASEAN counternarcotics police officials; and participated in the U.S. Customs Pacific Basin Conference, held in Honolulu. They traveled to Hanoi for meetings with Vietnamese counterparts and then hosted a reciprocal visit. Operational level quarterly meetings were held between provincial counternarcotics police from Luang Namtha and their Chinese counterparts from Yunnan Province.

Similar meetings were held between Phongsali and Yunnan counterparts. A Lao police official attended the DEA precursor chemical conference in Hong Kong. In November, the GOL hosted the fourth annual Thai-Lao annual ministerial meeting for drug control. Senior Lao police officials from provinces bordering Thailand met with their Thai counterparts to discuss measures for increasing drug interdiction cooperation. The Lao government also participated in a four-way Chinese counternarcotics initiative involving Thailand and Burma.

In October and November, respectively, new State Department-funded counternarcotics offices (CNOs) opened in Vientiane and Saignabouli. The GOL released the results of its surveys of drug abuse among youth in Luang Prabang and Savannakhet cities, conducted with assistance from UNDCP. These surveys provide important base-line data about the extent of such abuse, particularly of methamphetamine. In

October the government initiated a new nationwide fund-raising and awareness campaign to focus specifically on the problem of methamphetamine.

Law Enforcement Efforts. The Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL) funds the administrative expenses of the Drug Control Department (DCD) of the Ministry of Interior (MOI). The DCD now supervises INL-funded counternarcotics police offices (CNOs) in ten provinces. The CNOs, along with other provincial police offices, reported 196 cases in 2001, resulting in the arrests of 350 suspects, including 6 foreign nationals. Most arrests were of small-scale traffickers. These cases involved the seizure of 52.3 kilograms of heroin, 478 kilograms of opium, 1,085,616 methamphetamine tablets, and 1,960 kilograms of marijuana. Trafficker vehicles, weapons, and cash were confiscated in some cases.

Seizures for heroin and opium increased markedly from 2000, by 63 percent and 510 percent, respectively. However, seizures were down for methamphetamine, even as indications were that trafficking of methamphetamine was increasing by orders of magnitude. Also, the police handled no more cases than they did in 2000, and arrested only half of the suspects they arrested in 2000. In the meantime, the governments of Vietnam and Thailand reported that they were seizing very large quantities of drugs incoming from Laos and arresting many Lao traffickers. Notwithstanding GOL and donor efforts to improve the counternarcotics network, police coordination, both within the GOL system and bilaterally with the U.S. government, remained weak.

Corruption. The Lao government states that it does not encourage or facilitate the production or distribution of illicit drugs. The GOL also has stated that it will not tolerate narcotics-related corruption. However, given Laos' poverty, the very low salaries of Lao government employees, and the growing evidence of significant trafficking inside Laos, it must be assumed that some officials and military personnel receive bribes from illicit drug trafficking. Drug traffickers in Laos reportedly are receiving protection from senior level officials who themselves may be involved. To the USG's knowledge, no Lao officials were arrested, prosecuted, or sentenced in 2001 for involvement in drug trafficking. A significant issue for many states is whether tough laws against corruption and drug trafficking can be applied to high-level, well connected Party and government officials.

Agreements and Treaties. The U.S. and Lao governments have signed a Memorandum of Understanding (MOU) on counternarcotics cooperation in crop control every year since 1990. Bilateral law enforcement project agreements have been signed annually since 1992. Both countries have expressed their intention to continue and expand this cooperation. Although the GOL does not have a mutual legal assistance or extradition treaty with the United States, it has in the past cooperated in deporting drug traffickers to the United States. The GOL has ratified bilateral extradition treaties with Vietnam and Thailand. A similar treaty with Cambodia is nearing ratification on both sides. Since 1998, Laos and Germany have been executing a three-year project agreement focusing on demand reduction. Laos also is a signatory to an MOU on regional counternarcotics cooperation with UNDCP and the other Mekong basin countries (China, Burma, Thailand, Cambodia, and Vietnam).

Laos has bilateral counternarcotics treaties with Vietnam, Burma, and the Philippines, and is an active participant in regional counternarcotics initiatives. Laos is a party to the 1971 UN Convention on Psychotropic Substances and the 1961 UN Single Convention. Although Laos is not yet a party to the 1988 UN Drug Convention, the GOL strives to meet the goals and objectives of that Convention. The GOL has articulated its commitment to ratify the Convention in the near future, and is working with UNDCP to pass legislation, such as chemical control and money laundering regulations, necessary to bring it into compliance with the Convention.

Cultivation/Production. Opium is produced in the ten northern provinces of Laos as a cash or barter crop and as a traditional medicine. It is also produced to supply the very large number of Lao opium addicts. The extreme isolation of most opium-producing communities and the absence of economic alternatives make opium an important crop for the area's subsistence farmers. USG 2001 crop estimates indicate a five percent decrease in poppy cultivation to 22,000 hectares. Potential opium production,

however, remained at 210 metric tons, the same as in 2000. Most of the heaviest production remained in the north, where USG and other donor crop control initiatives are targeted.

Drug Flow/Transit. The GOL's ability to control the flow of narcotics within the country and across its lengthy, porous borders is severely limited by lack of personnel, resources, expertise, and ready access to many isolated areas of the country. Effective control over borders with Thailand, Burma, China, Vietnam, and Cambodia exists only in the vicinity of major population areas, along principal land routes, and at established river crossings. As Lao road infrastructure improves, and as interdiction efforts on Burma's borders with China and Thailand grows more efficient, Laos is becoming a more popular route for illicit drugs. Vietnam and Thailand continued to report ever-increasing drug flows entering their territories via Laos. The U.S. Customs Service reported seizing a large number of parcels containing Lao-origin opium and heroin at U.S. ports of entry. U.S. Customs also seized two container shipments of Lao-origin wooden furniture containing illegal drugs. The Lao government was not able to provide any useful information to the U.S. regarding the two furniture seizures.

Domestic Programs (Demand Reduction). Opium addiction is still the main drug use problem in Laos, and the UNDCP estimates that Laos has an addiction rate that is second only to that found in Iran. Addiction is overwhelmingly a rural phenomenon and concentrated in the north of the country. Many addicts use opium because they have no access to health care. In its 2001 opium survey report, UNDCP estimates an opium addict population of 58,000 persons, down 5,000 persons from 1998. According to UNDCP calculations, 2.26 percent of the population above 15 years is addicted to opium. In the northern provinces alone, the addiction rate is 4.84 percent of the population above 15 years old. The GOL is putting great emphasis on detoxification programs for addicts, although implementation details are left to provincial administrations. The location of most addicts in remote, often inaccessible rural areas increases the cost and difficulty of treatment and follow up. In most cases, the police rather than public health officials are in charge of detoxification and rehabilitation.

The addiction problem is not limited to opium users. Laos is increasingly being affected by the trafficking of heroin, methamphetamine and amphetamine-type stimulants (ATS), which are plaguing the rest of Southeast Asia. The Lao government has become alarmed at the rate at which ATS addiction, unheard of in Laos until 1999, is taking root in Vientiane and some of the other larger cities. Vientiane Municipality formed a task force to consider ways of dealing with the growing ATS issue. The UNDCP is building a national drug demand reduction facility, which—contingent on further donor funding—eventually will be made up of an ATS treatment unit, an ATS rehabilitation and day care unit, and a training center for ATS and opium abuse.

According to a 1999 UNDCP survey of Vientiane student drug use, a full 17 percent of Vientiane teenagers have experimented with drugs of one kind or another, including methamphetamine. Similar UNDCP surveys conducted in 2000 indicated that methamphetamine use is also becoming significant in the cities of Luang Prabang and Savannakhet. The studies indicated that 5.5 per cent of teenagers in Luang Prabang and 7.6 per cent of teenagers in Savannakhet have used drugs at least once. Press articles and anecdotal evidence indicate that methamphetamine use is spreading to outlying villages.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The United States focuses on helping the GOL achieve two primary counternarcotics objectives: elimination of opium poppy cultivation, and suppression of illicit drug and precursor chemical trafficking. The USG is addressing the first goal through bilateral crop control projects, first in Houaphan province and now in Phongsali province. The USG works closely with the UNDCP and other donors of development assistance to ensure that counternarcotics objectives are included in all rural development programs in northern Laos. Suppression of trafficking is pursued through support of special counternarcotics police units and the Lao customs service. Additional support has been provided to the Lao National Commission for Drug Control and Supervision (LCDC), which has overall policy direction for counternarcotics activities under the Office of the Prime Minister.

Bilateral Cooperation. In 1999, the USG began funding a crop control and development project in Phongsali, one of Laos' most important opium-producing provinces. This project is modeled after the successful Lao-American Project in Houaphan province. The USG has supported the GOL's plan to establish counternarcotics law enforcement units in each province; thus far, 10 such units have been established. The USG also is planning to support a new Lao initiative in the area of demand reduction for methamphetamine abuse, particularly among teenage students. In August 2001, the DEA presented two days of training for Lao counternarcotics police. In November, Lao customs officials worked with a DEA official to identify suspect packages at the national post office facility in Vientiane. More DEA and U.S. Customs training is planned for 2002. Lao police, customs, and justice officials have been active participants in US-funded training sessions at the International Law Enforcement Academy (ILEA) in Bangkok. Approximately 200 Lao officials have been trained at ILEA since the academy began operations in February 1999.

The Road Ahead. The GOL is committed to eliminating commercial opium cultivation in advance of the UNGASS 2008 (UN General Assembly Special Session on Drugs) target date. The GOL also has committed to the UNDCP/ASEAN plan of action for eliminating drug use around the region by 2015. In order to meet these goals, Laos must change the practices of highland farmers and upgrade its law enforcement capacity, before social and economic modernization exacerbates the problems of narcotics production and trafficking. In support of GOL efforts, the USG will continue to provide crop control and development assistance to northern Laos, with particular emphasis on cooperation with UNDCP and other interested donors. U.S. assistance to a network of specialized counternarcotics law enforcement units should gradually increase Lao interdiction capabilities. The GOL needs to improve coordination between these units and other law enforcement bodies to translate capabilities into more significant drug seizures, however. The GOL also must make efforts to arrest major traffickers and the officials who support them. The USG is committed to supporting GOL counternarcotics efforts, in recognition of gradual GOL progress in this area and of the many development challenges that hamper the GOL's ability to achieve its counternarcotics objectives on its own. Future counternarcotics achievements will depend on the GOL's effective use of both its own resources and those of interested donors.

Laos Statistics

(1993–2001)

	2001	2000	1999	1998	1997	1996	1995	1994	1993
Opium¹									
Potential Harvest (ha)	22,000	23,150	21,800	26,100	28,150	25,250	19,650	18,520	26,040
Cultivation (ha)	—	—	—	—	28,150	25,250	19,650	18,520	26,040
Potential Yield (mt)	200	210	140	140	210	200	180	85	180
Seizures									
Opium (mt)	.478	0.078	0.226	0.442	0.200	0.216	0.194	0.054	0.054
Cannabis (mt)	1.96	1.86	2.19	0.41	4.16	1.18	0.64	6.14	0.26
Heroin (mt)	0.052	0.020	0.015	0.080	0.072	0.016	0.043	0.062	0.001

¹ Narcotics and law enforcement statistics have not been kept in the past by the Government of Laos. Although the Counternarcotics Committee is now charged with the responsibility, most of the statistics available have been gleaned from the Lao press.

Malaysia

I. Summary

Malaysia does not produce a significant amount of illegal drugs. Heroin and other drugs from neighboring Southeast Asian countries transit Malaysia, but there is little evidence that a significant amount reaches the United States by way of Malaysia. Malaysia has not been designated as a major drug-transit country since 1998, but it remains a country of concern to the United States. Domestic drug abuse, especially of synthetic drugs, is growing. Malaysia's competent counternarcotics officials and police officers have the full support of senior government officials. Overall, narcotics-related arrests and seizures increased in 2001. A significant trend for this year is the sharp increase in seizures of heroin and MDMA (ecstasy) pills. Cooperation with the United States on combating drug trafficking is excellent. Malaysia is a party to the 1988 UN Drug Convention.

II. Status of Country

Malaysia does not produce a significant amount of illicit drugs. Some heroin and opium from the nearby Golden Triangle area transit Malaysia, but there is little evidence that a significant amount of this reaches the U.S. market. Increasing amounts of other drugs, primarily psychotropic pills (amphetamine-type stimulants or ATS) and crystal methamphetamine, also transit Malaysia, though Malaysia is not a major drug-transit country for these substances either. Accurate statistics on domestic drug abuse are difficult to obtain, but Malaysia's national narcotics agency indicates there are approximately 212,000 drug abusers in the country. Anecdotal reports indicate that domestic drug abuse, primarily of heroin, psychotropic pills (ATS, including ecstasy and crystal methamphetamine), is growing. One of the latest new drugs is an inhaled cocktail of heroin and crystal methamphetamine. According to the Ministry of Health, there were no known cases of precursor chemical diversion this year. In December 2000 the Ministry of Health tightened controls on all previously unregulated chemicals listed in Table I and Table II of the 1988 UN Drug Convention. The Ministry is pursuing legislation to increase penalties relating to the diversion of precursor chemicals.

III. Country Action Against Drugs in 2001

Policy Initiatives. The National Narcotics Agency (NNA) is the policy arm charged with implementing Malaysia's counternarcotics strategy. In response to increased seizure and abuse of methamphetamine in the previous year, the NNA expanded the scope of a 2000 demand reduction and public awareness campaign against ecstasy to include all types of methamphetamine. In cooperation with the NNA, the Malaysian Chinese Association (MCA), a predominantly ethnic Chinese political party that forms part of the government's ruling coalition, aimed to increase public awareness of other synthetic drugs beyond well-known ecstasy.

The NNA is also coordinating demand reduction efforts with various cabinet ministries to target vulnerable populations, including long-haul truckers, impoverished fishing communities, and residents of federal land grant settlements in provincial areas. The NNA coordinated with the Ministry of Transportation to create drug testing checkpoints at border areas and ad hoc road blocks to target long-haul truckers using methamphetamine. The NNA and the Agriculture Ministry's Fisheries Department are targeting methamphetamine users in fishing communities where hard physical labor and long hours at sea invite methamphetamine use. Residents of federal land grant areas are also being targeted because of the increased incidence of drug abuse and trafficking in these settlements.

Accomplishments. A solid institutional and policy foundation supports Malaysian counternarcotics efforts. Prime Minister Mahathir again labeled drug abuse and trafficking as "enemy number one" at the

November 2001 summit of the Association of Southeast Asian Nations (ASEAN). Increased seizures of ecstasy in 2001 are attributable to coordinated police efforts to target ATS abuse.

Law Enforcement Efforts. Malaysian police have continued to investigate and prosecute narcotics crimes vigorously, identifying abusers and traffickers, and limiting the distribution, sale, and financing of illicit drugs in Malaysia. Narcotics arrests and seizures for the first 11 months of 2001 were generally above 2000 levels. Heroin, ecstasy, and opium seizures rose sharply. During 2001, law enforcement officers seized 227.7 kilograms of heroin, compared to 109.2 kilograms seized the previous year. Malaysia's largest heroin seizure for the year occurred in July, when police seized 22.7 kilograms of #3 heroin and 4.1 kilograms of heroin base. Also in July, the Royal Malaysia Police and Royal Customs and Excise Department jointly launched "Ops Ecstasy II" targeting entertainment establishments that tolerate and or promote ecstasy use. Ecstasy seizures for the year increased seven times over total seizures in 2000. Drug-related arrests in 2001 totaled 22,797 persons, a 29 percent increase over total arrests the previous year. Narcotics-related detentions without trial under Malaysia's "Special Preventive Measure" increased to 1820 in 2001 from 1,614 in 2000. Seizures of clandestine laboratories in 2001 increased to 17, up from nine seized in 2000. Almost two metric tons of cannabis were seized in 2001. Malaysian counternarcotics efforts increasingly emphasized interdicting the supply of drugs from Burma and the need for law enforcement cooperation to stem drug flows.

Corruption. Malaysia has an anticorruption agency with no power to prosecute, but with the power to investigate independently and make arrests. No senior officials were arrested for drug-related corruption in 2001 and there was no evidence that the government tolerates or facilitates the production, distribution, or sale of illegal drugs, or the laundering of the proceeds of illegal drug transactions.

Agreements and Treaties. Malaysia is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol amending the Single Convention. The U.S.-Malaysia Extradition Treaty came into force in 1997. The Malaysian police are cooperative with U.S. officials in cases that may ultimately lead to extradition of a suspect to the United States. The Government of Malaysia is considering legislation that will allow for bilateral negotiations on a mutual legal assistance treaty. The United States has an effective bilateral memorandum of understanding on counternarcotics cooperation with Malaysia.

Drug Flow/Transit. Malaysia's geographic proximity to the heroin production areas and methamphetamine laboratories of the Golden Triangle provides for smuggling routes across Malaysian borders, primarily destined for Australia. While heroin and methamphetamine transiting Malaysia do not appear to make a significant impact on the U.S. market, there are indications that groups of third-country nationals are using Malaysia as a transit point for heroin bound for the United States.

Domestic Programs (Demand Reduction). A demand reduction program initiated in public schools and a "drug-free workplace" prevention program initiated in 1999 continued in 2001. Improvements to public drug rehabilitation programs continued in 2001. Fifty percent of publicly funded drug treatment centers are adopting the therapeutic community approach for treating drug addiction. Five existing facilities adopted the new approach in 2001 and a new therapeutic community treatment center in the Borneo State of Sabah is scheduled to open in March 2002. Government statistics indicate that 9,082 persons are undergoing treatment at Malaysia's 27 public rehabilitation facilities. The government is also licensing nearly 300 additional private medical clinics to rehabilitate drug users.

IV. U.S. Policy Initiatives and Programs

U.S. goals and objectives in the coming year are to:

- Encourage the Government of Malaysia to develop an effective financial intelligence unit to combat money laundering.
- Continue to pursue a mutual legal assistance treaty.

- Urge the government to enact anti-conspiracy laws to strengthen Malaysia's counternarcotics efforts.
- Continue and expand successful cooperation in law enforcement.
- Encourage the government to increase penalties for diversion of precursor chemicals.

Bilateral Cooperation. The United States continued to provide counternarcotics training to Malaysian officials at the International Law Enforcement Academy (ILEA) in Bangkok. Training provided at the ILEA in Bangkok addressed topics such as chemical precursors, financial investigations (money laundering), controlled deliveries, and operational planning of narcotics investigations. The United States and Malaysia continued to cooperate under the bilateral memorandum of understanding on counternarcotics cooperation. The United States also funded training in 2001 for 60 local drug treatment professionals on implementation of the therapeutic community approach in public drug rehabilitation centers.

The Road Ahead. U.S. law enforcement agencies will continue to cooperate with Malaysian authorities to monitor and interdict drugs transiting Malaysia. U.S.-funded counternarcotics training for local law enforcement and modest assistance for domestic demand reduction and TC (therapeutic community) treatment programs will continue. The United States will continue to pursue a mutual legal assistance treaty and encourage the government of Malaysia to develop an effective financial intelligence unit as part of Malaysia's effort to combat money laundering.

Mongolia

Drug trafficking and abuse are not widespread in Mongolia, but have continued to rise and have drawn the attention of the government and NGOs. Mongolia's young, burgeoning urban population is especially vulnerable to the growing drug trade. The government believes that Mongolia must act quickly to develop a national drug strategy to prevent drug availability and use from becoming acute problems. The Government of Mongolia approved the National Program for Fighting Narcotics and Drugs in March 2000. The National Council headed by the Minister of Justice coordinates the implementation of this program. The program is aimed at preventing drug addiction, drug-related crimes, creating a legal basis for fighting drugs, elaborating counternarcotics policy, and raising public awareness of this issue.

Mongolia's long, unprotected borders with Russia and the People's Republic of China are vulnerable to all types of illegal trade, including drug trafficking. Illegal migrants, mostly traveling from China through Mongolia to Russia and Europe, sometimes transport and traffic drugs. Police suspect that trafficking in persons and prostitution are also connected to the drug trade.

The government has made the protection of Mongolia's borders a priority. U.S.-sponsored projects to promote Mongolia's participation in regional law enforcement conferences and training have provided some assistance. Mongolia's ability to patrol its borders, detect illegal smuggling, and investigate transnational criminal cases is hindered by a lack of financial and technical resources. Mongolia is a party to the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Mongolia is not a party to the 1988 UN Drug Convention, but in January 2001, the Parliament of Mongolia passed a law relating to the issue of Mongolia becoming a party to the 1988 UN Drug Convention. The Government of Mongolia attempts to meet the goals and objectives of international initiatives on drugs, where possible. Mongolia and the United States have in force a customs mutual legal assistance agreement.

Sporadic reports indicate that the availability and abuse of marijuana, heroin, amphetamines, and over-the-counter drugs have increased. The Mongolian government, now alert to precursor chemical production and export issues, has closed suspected facilities, but foreign nationals continue to be interested in the production, export, and transit of precursor chemicals in Mongolia, suggesting that they may be assessing the quality/effectiveness of Mongolia's controls. Mongolian public corruption and financial crimes appear unrelated to narcotics activities. The weakness of the legal system and financial structures, however, leaves Mongolia vulnerable to exploitation by drug traffickers and international criminal organizations, particularly those operating in China and Russia.

Growth in international trade and the number of visitors to Mongolia increase concerns about a rise in transnational organized crime. The presence and activities of organized crime elements from Russia and China are difficult for Mongolian law enforcement agencies to detect.

The Mongolian government and law enforcement officials have increased their participation in regional fora focused on crime and drug issues. For example, discussions are underway for Mongolia to join the Asia-Pacific Group Against Money Laundering. Domestic NGOs work to fight drug addiction and the spread of narcotics, as well as trafficking in women. International donors are working with the government to help Mongolia develop the capacity to address narcotics and related criminal activities before they become an additional burden on Mongolia's development. U.S. assistance in these efforts has included international visitor programs on transnational crime and counternarcotics, as well as joint operations and training by regional representatives of the DEA, the U.S. Customs Service, the Internal Revenue Service, and the U.S. Secret Service.

North Korea

Summary. Although there were fewer seizures of narcotics with a clear North Korean connection this year, most observers continued to view narcotics coming from North Korea as a significant problem for Japan and Taiwan. Narcotics with a North Korean connection appear a more modest problem for Russia, as drug trafficking seems to be concentrated in certain areas of Russia's far-eastern territories. There continues to be no evidence that narcotics originating in or transiting North Korea reach the United States. Because there also continued to be no concrete evidence of illicit opium cultivation in North Korea in excess of 1,000 hectares, North Korea was not placed on the list of major illicit drug producing or major drug-transit countries in 2001. North Korea nonetheless remains a country of concern to the United States.

Drug Trafficking Linked to North Korea. There are regular seizures of relatively small amounts of methamphetamine and heroin along the North Korean/PRC (People's Republic of China) border. Seizures are made from North Korean nationals traveling to China, at least some of whom are seeking refuge in a region inhabited by Korean ethnic groups on the Chinese side of the border. Typical seizures are on the order of a few hundred grams to a kilogram. Besides this low-level trafficking, several major seizures with a North Korean connection were reported:

- On December 28, 2000, officials from the Ministry of Justice Investigation Bureau on Taiwan seized 134 kilograms (almost 300 pounds) of heroin in a warehouse in Taipei. The person arrested in connection with this seizure identified North Korea as the source of the drugs.
- In two separate incidents during April 2001, authorities on Taiwan seized 65.6 kilograms of methamphetamine on April 12 in Pingtung County, and 42 kilograms of methamphetamine on April 16 in Kaohsiung. Cumulatively, these seizures amounted to almost 237 pounds of methamphetamine. The "street value" of these drugs in Taiwan is estimated at over U.S. \$3 million. Both seizures involved fishing vessels that smuggled the drugs into Taiwan after receiving them via at-sea transfers in the Taiwan Strait. Based on questioning of those apprehended in connection with the seizures, police believe the drugs originated in North Korea.
- Japanese authorities seized 4.6 kilograms of methamphetamine from two couriers from Taiwan entering Osaka on a flight from Guangzhou, China on April 15, 2001. There are indications the drugs seized came from refineries in the PRC and North Korea.
- On May 4, 2001, an ethnic Korean with Chinese nationality was arrested for trying to smuggle 30 kilograms of methamphetamine into Pusan, South Korea, concealed in a container of North Korean kidney beans. The shipment came from Dalian, China onboard a Panamanian-registered freighter called the "Sinoco Tenjin." Investigators believe the drugs came from North Korea. The suspect was also charged with sending 8.9 grams of methamphetamine and 4.3 grams of heroin, as samples, to traffickers in South Korea in January 2001. The 30-kilogram methamphetamine seizure was one of the largest in recent Korean enforcement history.
- On January 7, 2002, Japanese enforcement officials seized 150 kilograms (330 pounds) of methamphetamine aboard a vessel with a crew of PRC nationals. Under questioning, the crew of the vessel said the drugs were picked up at sea from a North Korean vessel.

One trend that these seizures reflect is a closer, more reciprocal, and cooperative relationship between North Korean-based traffickers and ethnic Chinese traffickers with the objective of exploiting markets in third countries like Japan and South Korea. Rather than just direct sales of drugs reported to originate in

North Korea, there are now more reports of what appear to be “joint ventures” with drug traffickers from Taiwan and the PRC to exploit markets in third countries. Another example of a more reciprocal relationship between North Korea-based drug traffickers and Chinese drug traffickers is a case involving an attempt to smuggle a large quantity of heroin through the Fiji Islands. Enforcement officials investigating the case learned that an ethnic Chinese drug trafficker attempted to route large quantities of heroin through North Korea to avoid seizure.

In addition to the above seizures, there have been reports from Russia, Japan, South Korea, and elsewhere, attributed to well-informed law enforcement officers, indicating their belief that North Korean nationals have continued to be involved in drug trafficking. For example:

- A March 1, 2001 report quoted Vladimir Davydov, chief of the Drug Smuggling Department of the Russian Customs Agency’s Far East Office as saying that North Korean nationals were smuggling “industrially refined” opium to the Russian Far East by rail, and probably also in diplomatic bags. This report mentioned Davydov’s statement that Russian police regularly confiscate drugs from North Korean nationals working in Russia, and pointed to a specific seizure in 2000 of 20 pounds of opium from North Korean loggers near the Russian town of Tynda.
- A Taiwan prosecutor investigating drug smuggling believes that North Korean criminals purchase raw materials in China, manufacture drugs in North Korea, and sell them to wholesale buyers elsewhere. This prosecutor reports that a suspect in a drug smuggling incident boarded an armed North Korean vessel in international waters, where he picked up methamphetamine that was subsequently smuggled into Taiwan.
- On March 2, 2000, the Japanese National Police Agency issued an advisory to all Japanese police officers to maintain a heightened alert for drugs entering Japan from North Korea.

Allegations of State-Sponsored Drug Trafficking. Although specific allegations that North Korea engages in state-sponsored drug trafficking and other forms of criminality for profit and to fund state programs such as weapons development are difficult to assess, the volume of such reports is troubling. The North Korean government attributes any drug trafficking and other criminal activities that may occur to individual law breakers or criminal organizations. Given the tight controls in place throughout North Korea, the continuing seizures of amphetamines and heroin suspected of originating from North Korea in Taiwan, in Japan, and now in South Korea raise the question how any entity other than the state could traffic in such large quantities of illicit drugs. Reported drug transfers aboard North Korean vessels also highlight possible state involvement.

Allegations of state complicity in the illicit narcotics trade and other criminal enterprises by North Korea remain of profound concern, as the United States seeks to determine whether the North Korean government has chosen to sponsor illegal activities as a matter of state policy. Despite close and careful monitoring of North Korea by many law enforcement and foreign affairs agencies, the United States has not been able to determine the extent to which North Korea is involved in drug manufacture and trafficking. The United States has also been unable to determine conclusively whether North Korea directs a range of other criminal activities.

Alleged Opium Cultivation, Heroin Production, and Trafficking. Sources of information about alleged North Korean opium cultivation and alleged heroin production are quite limited. North Korean officials admit that opium is grown in North Korea, but maintain that it is used for medicines and painkillers. Defectors routinely report that illicit opium poppy cultivation and state-directed refining of opium into heroin occur throughout the northern part of the DPRK, but many of these reports are now almost a decade old. Estimates of the area under cultivation range from 4,200 hectares (10,378 acres) to 7,000 hectares (17,300 acres), and estimates of opium production range from 30 metric tons to 44 metric

tons annually. Based on those estimates, the expected yield would be approximately 3-4.5 metric tons of heroin, if all opium were used exclusively to produce heroin.

These estimates have not been confirmed, however, and the amount of opium used for medicines is unknown. As noted, reports of extensive opium cultivation in North Korea are dated. Agricultural problems in North Korea, including flooding and shortages of fertilizer and insecticides, suggest that current opium production might well be below these estimates. There has also been a very clear shift in Asian drug abuse away from opium toward amphetamine-type stimulants (ATS). North Korean exploitation of the regional ATS market in Asia may also suggest a decline in opium cultivation and heroin production in North Korea. Nevertheless, seizures of heroin linked to North Korea in the PRC and Russia, as well as on Taiwan over the past several years continue to lend credence to reports that opium is illicitly grown there and refined into heroin.

Over the coming year, the United States will continue to monitor North Korea to determine the extent of any cultivation or production of illicit narcotics there, and to assess the effect that North Korean drug trafficking has on the United States. If reports that there is illicit opium poppy cultivation of 1,000 hectares or more, or that heroin or methamphetamine produced in or transiting North Korea significantly affects the United States can be confirmed, North Korea will be added to the list of major illicit drug producing and major drug-transit countries.

Palau

I. Summary

Palau is not a major drug trafficking or producing country or a source of precursor chemicals for production of narcotic drugs although the possibility for drug transit exists. To curtail drug use, Palau has ongoing counternarcotics campaigns as well as drug treatment and counseling programs.

Palau is not a party to the 1988 UN Drug Convention, but it is a party to the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances.

II. Country Status

The Republic of Palau is an island nation of approximately 19,000 with a constitutional government, whose structure is comparable to that of the United States. Palau is a former trust territory of the United States that became independent on October 1, 1994. There is some crime in Palau, but it is not a major drug trafficking or producing country or a source of precursor chemicals for production of narcotic drugs.

Palau is an attractive tourist destination, especially for divers. The island has good air connections to many regional destinations. The possibility for drug transit exists. Authorities are aware of this danger and take steps to counter it through attentive enforcement. The USG has no evidence that any high-level official in Palau facilitates drug trafficking for personal gain. Small-scale corruption which might facilitate trafficking is a possibility, but Palau authorities, focused on maintaining Palau as an attractive tourist destination, are attentive to corruption and punish it when it comes to their attention.

III. Country Actions Against Drugs in 2001

In efforts to curtail the drug problem, a counternarcotics trafficking law went into effect on July 13, 1997, with a mandatory 25-year sentence for trafficking of methamphetamine. Furthermore, the Ministry of Justice and the Ministry of Public Health have ongoing counternarcotics campaigns as well as drug treatment and counseling programs.

IV. U.S. Policy Initiatives and Programs

U.S. law enforcement officials have conducted training for local law enforcement officials. Cooperation in law enforcement between the United States and Palau is mutual and professional.

Papua New Guinea, Solomon Islands, and Vanuatu

Drug trafficking does not occur on a significant scale in Papua New Guinea, the Solomon Islands, or Vanuatu. Drug abuse among urban youth is of growing concern, especially in Papua New Guinea. There are no reliable quantitative measures of either trafficking or abuse in any of these three countries. Beyond the regular activities of their financially strapped law enforcement agencies, none of the three countries has a centrally directed narcotics control strategy. Papua New Guinea is a party to the 1961 UN Single Convention, the 1972 Protocol amending the Single Convention on Narcotic Drugs, and the 1971 UN Convention on Psychotropic Substances. The Solomon Islands is a party to the 1961 UN Single Convention on Narcotic Drugs and the 1972 Protocol amending the Single Convention.

There is no evidence of significant levels of illicit drug production or transit in Papua New Guinea, the Solomon Islands, or Vanuatu. Cases of potential narcotics transshipment occasionally come to light in Papua New Guinea, but there is no persistent pattern. In Papua New Guinea, however, there is mounting anecdotal evidence of small-scale marijuana cultivation and export. This activity may also be related to smuggling of small arms into the country. None of the three countries is a source of precursor chemicals.

In 2000, a local Papua New Guinea (PNG) firm allegedly made arrangements to import pseudo-ephedrine in quantities far in excess of legitimate domestic requirements. Government authorities revoked the import authorization when they discovered the irregularities in its issuance. The potential involvement of organized drug-traffickers in this case remains a subject of further investigation by PNG law enforcement agencies.

Due to the very limited extent of drug trafficking and abuse in Papua New Guinea, the Solomon Islands, and Vanuatu, law enforcement agencies have not established separate initiatives for countering cultivation, production, and distribution of illegal drugs. Similarly, asset seizure, extradition, and mutual legal assistance in narcotics cases occur too infrequently to form the basis for a meaningful assessment of the governments' performances in these areas. In general, however, the law enforcement agencies of all three countries have consistently shown themselves to be willing to cooperate with other countries on narcotics enforcement as needed. There is no evidence of narcotics-related corruption in these countries.

The Philippines

I. Summary.

Despite stiff penalties for those convicted of drug trafficking, the Republic of the Philippines (RP) continues as a consumer, transit point, and producer of crystal methamphetamine and marijuana, as well as of smaller amounts of other illegal narcotics. In 2001, President Gloria Macapagal-Arroyo announced that combating drug trafficking and abuse had become a priority for her administration. The USG provided information and assistance that led to important arrests and drug seizures in 2001. Local law enforcement officials estimate that there are 1.8 million drug users in the RP, and that the illegal industry earns over \$5 billion a year.

The Government of the Philippines (GOP), with advice from the USG, is reviewing options for restructuring its law enforcement agencies to bolster effectiveness in combating drug trafficking. Legislation to create a single drug enforcement agency modeled after the U.S. DEA has made it through committees in both the Philippine House and Senate, and has been announced by the Administration as a legislative priority for passage by March 2002. Legislation on asset seizure and forfeiture has not yet been formulated. The RP is a party to the 1988 UN Drug Convention.

II. Status of Country

According to local authorities, there are approximately 1.8 million drug users in the Philippines (out of a total population of about 80 million), and the illegal drug trade is estimated to generate more than \$5 billion a year (equivalent to eight percent of domestic economic output and a third of the GOP's yearly central government budget).

Crystal methamphetamine, known locally as "shabu," is the drug of choice in the Philippines, and generates more than \$4 billion per year in illegal revenue, according to estimates by local authorities. The production of methamphetamine is a growing problem, but the majority consume in the Philippines is still smuggled in from surrounding countries, primarily the People's Republic of China (PRC). The Philippines is also a transshipment point for further export of "shabu" to Japan, Australia, Korea, the United States, Guam, and Saipan, but not to the United States in quantities large enough to have a significant impact. Precursor chemicals for producing crystal methamphetamine are smuggled into the Republic of the Philippines (RP) with relative ease. The Philippine National Police (PNP)—working with the National Bureau of Investigation (NBI) and the National Drug Law Enforcement and Prevention Coordinating Center (NDLEPCC)—has organized specialized units to locate and dismantle clandestine laboratories, with some success.

The RP is also a producer and exporter of marijuana, but the United States is not a major destination. Local authorities estimate that marijuana sales generate about \$900 million per year. Stemming production is difficult owing to topography, corruption, and the lack of effective or well-funded government countermeasures. Marijuana growers generally cultivate in areas that are inaccessible by vehicles, and/or controlled by insurgent groups. The Philippines is not a significant producer of other drugs, though the drug MDMA (ecstasy) accounts for about \$50 million of the illegal drug market.

Although law enforcement efforts continue to work to limit the use of Philippine airports as transshipment points for illegal drugs, seizures in the U.S. mainland, Guam, and the Philippines indicate that drugs continue to transit the Philippines.

III. Country Actions Against Drugs in 2001

Policy Initiatives. The Macapagal-Arroyo administration has made combating the use and trafficking of illicit drugs one of its priorities, and is continuing efforts to create an umbrella counternarcotics agency modeled on the DEA. Passage of legislation creating such an agency has been made an administration goal for the first quarter of 2002. The administration is also seeking appropriate legislation to meet objectives of the 1988 UN Drug Convention and to give the proposed drug enforcement agency the necessary tools to carry out its mandate.

Opposition to relaxation of the RP's tough bank secrecy laws is also an impediment to enactment of lacking asset seizure and forfeiture laws. Opponents' resistance is based in part on suspicion that the GOP may misuse information gained from the lifting of bank secrecy, but at least some of the opposition comes from criminal elements who would be the target of any new law. The administration is also seeking passage of legislation authorizing consensual and non-consensual eavesdropping tools that are essential to conducting effective conspiracy investigations.

In 1999, the Congress passed legislation reorganizing the PNP and authorizing increased pay and training for officers. The law, Republic Act 8551, enables greater focus on counternarcotics efforts, but, unfortunately, the government has yet to allocate sufficient funding to implement these changes.

Other legislation relating to narcotics, proposed or pending in 2000, was resubmitted to the Congress in 2001, but little action was taken. Presently, there are numerous bills pending in Congress relating to drug law enforcement. In addition to the lack of necessary legislative tools, the Philippines faces some basic law enforcement problems, including a weakness in complex investigative techniques and intelligence collection. These problems are exacerbated by corruption, the lack of resources, and the competing needs of other government programs.

The GOP has been active in promoting the establishment of an ASEAN transnational crime center in the country. If agreed to by ASEAN, the center would seek to enhance policy coordination and intelligence sharing among ASEAN members to combat transnational crime networks, targeted on drug traffickers and money laundering. However, in 2001 this initiative lost momentum due to lack of a final agreement by ASEAN on a target date for implementation.

Accomplishments. The Dangerous Drugs Board (DDB) has a precursors and essential chemicals unit which has now established a database of all legitimate chemical manufacturers in the Philippines and has conducted site and records inspections of these companies. This work forms the basis for future progress to reduce the ease with which precursors enter and leave the Philippines now. (See the "Law Enforcement" section below for a discussion of operations conducted against clandestine laboratories.)

The NDLEPCC is promoting the "Kill Droga" program as a demand reduction vehicle throughout the country. The Drug Abuse Resistance Education (DARE) Philippines program is still in place and has been successful in reaching thousands of students since its inception. Also, the Philippine Department of Justice's Parole and Probation Administration provides rehabilitation of convicted narcotics offenders.

The DDB participates with the NDLEPCC on matters pertaining to control of dangerous drugs. The DDB has agreements with the Department of Agriculture, the Department of Interior and Local Government, and other relevant agencies aimed at implementing an integrated rural development program to eliminate marijuana cultivation through crop substitution. Although these crop substitution efforts have not yet been funded, other marijuana eradication efforts are continuing. In 2001, counternarcotics officers eradicated approximately 8.3 million marijuana plants and seedlings.

Law Enforcement Efforts. President Macapagal-Arroyo has placed a number of well-qualified officials in key judicial and law enforcement positions and has given them a clear mandate to act against illegal drugs. The GOP's drug enforcement efforts have been directed by the NDLEPCC since January 1999. The center has coordinated the activities of the PNP Narcotics Group, the NBI, and other GOP agencies

involved in drug law enforcement. Additionally, the Philippine Center for Transnational Crime (PCTC), established in 1999, focuses the country's enforcement efforts against international and domestic crime.

Philippine law enforcement officials arrested 32,227 individuals for drug use, distribution and financing violations in 2001. Over \$78,000,000 (approximate local value) worth of illegal drugs were seized in more than 36,000 counternarcotics operations. The total included over 1,561 kilograms (\$62.4 million) of methamphetamine seizures (down about ten percent from last year) and over \$14.4 million of marijuana plants and products. The two largest methamphetamine seizures in 2001, carried out with DEA assistance, were 510 kilograms in October and 350 kilograms in November (seven individuals were arrested as a result).

PNP counternarcotics officers successfully located and destroyed two clandestine crystal methamphetamine-producing laboratories in 2001 (one in April and one in November). In the April operation, ten PRC nationals were arrested, and 167.6 kilograms of methamphetamine was seized (53.6 kilograms of finished product and 114 kilograms of unfinished product).

Corruption. Philippine law enforcement efforts suffer from corruption among police, customs, and military officials. Judicial corruption is also acknowledged to be an impediment to drug prosecutions. However, there were some arrests and prosecutions of law enforcement and military officials for narcotics-related corruption in 2001. Efforts are underway to strengthen internal controls within the PNP, and GOP officials are studying U.S. DEA vetting procedures as part of a possible model for establishing the proposed drug enforcement agency.

Agreements and Treaties. During her state visit to China in October 2001, President Macapagal-Arroyo signed three documents related to drug trafficking: a bilateral extradition treaty, a MOU on combating transnational crimes, and a MOU on preventing the cultivation, production and abuse of illegal drugs. The U.S.-GOP extradition and mutual legal assistance treaties of 1996 are functioning. The Philippines is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol amending the Single Convention. The Philippines has signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants.

Cultivation/Production. In addition to the importation/smuggling of methamphetamine (see below), this drug is also manufactured in multiple hundred-kilogram quantities inside the RP. The main chemical used in the production of methamphetamine, ephedrine, is commonly smuggled in from the PRC by boat in large quantities to isolated or semi-isolated locations in the Philippines. Chinese workers and sources of supply are commonly involved with these laboratories. Methamphetamine can be easily produced, making it possible to use many areas in the country, which is made up of over 7,100 islands, for its production.

Marijuana is grown throughout the Philippines, although the largest areas of cultivation are found primarily in the mountainous areas of northern Luzon, central Visayas, and central, southern and western Mindanao. Authorities appear to have lost ground in their eradication efforts since 1999 due to financial constraints.

Drug Flow/Transit. Crystal methamphetamine continues to be smuggled from the PRC for transshipment and for consumption in the Philippines (the GOP estimates that \$1.2 billion worth of "shabu" arrives from eastern Chinese provinces every year). Shipping containers and ordinary cargo vessels which off-load to small boats are commonly used to bring multiple hundred-kilogram quantities of methamphetamine and precursor chemicals to the RP. The country is also a transshipment point to further export crystal methamphetamine to Japan, Australia, Korea, the United States, Guam, and Saipan. Commercial air carriers and express mail services remain the primary means of shipment to Guam and to the mainland United States, with a typical shipment size of one to four kilograms.

The Philippines is sometimes used as a transit point for commercial air couriers of heroin, but at much lower levels than the transshipment of methamphetamine. Heroin that is transshipped through the RP emanates from Thailand and Pakistan and is destined for mainland United States, Guam, and Europe, but

not in quantities large enough to have a significant impact. In response to successful law enforcement efforts to stem courier activities, traffickers are also using express mail services.

Cocaine also enters the Philippines for transshipment and personal use, but at much lower levels than methamphetamine. Law enforcement officials continued to seize express mail parcels containing cocaine. This cocaine originated in South America and was apparently destined for the RP and onwards to other countries in Southeast Asia.

Domestic Programs (Demand Reduction). Although they estimate that the total number of drug users in the Philippines is approximately 1.8 million (about 2.2 percent of the population), GOP law enforcement agencies are still studying the issue to determine the number of addicts or abusers involved in each drug category. Methamphetamine was by far the most abused drug in the Philippines during 2001.

To address the domestic drug abuse problem, a comprehensive school-based drug education program has been launched by the DDB in collaboration with the Department of Education, Culture and Sports, and local government units nationwide. Advocacy programs on drug abuse prevention education were also implemented in various workplaces and communities in the country. Likewise, both government and non-government organizations were encouraged to establish treatment and rehabilitation centers for all types of drug dependents. The Department of Social Welfare and Development was deputized as agent of the board to undertake the after-care and follow up of discharged clients from various centers in the Philippines. The Department of Justice's Parole and Probation Administration also promotes the rehabilitation of drug abusers.

IV. U.S. Policy Initiatives and Programs.

U.S. Policy Initiatives. The main goals of the U.S. counternarcotics policy in the Philippines are to: 1) work with local authorities to prevent the Philippines from being used as a transit point by trafficking organizations impacting the U.S.; 2) assist Philippine authorities to improve the capabilities of Philippine law enforcement entities to act against drug trafficking organizations; 3) support legislative processes to pass pending counternarcotics legislation to strengthen GOP counternarcotics institutions; 4) prevent the shipment of crystal methamphetamine to the U.S. and its territories of Guam and Saipan; and 5) prevent the transshipment of heroin and/or other illegal drugs to the United States.

Bilateral Cooperation. The DEA has worked closely with the NDLEPCC, PNP, NBI, and Customs, among others to reduce the flow of drugs to the United States from the Philippines, as well as drug flow that directly affects the country. The DEA provides valuable drug trafficking intelligence gathered worldwide to the PNP and NBI. In 2001, this cooperation resulted in two seizures of large quantities of methamphetamine which led to the arrest of seven individuals. The Philippines, through in-country DEA and local counterpart representation, is participating in a chemical control program being administered for the first time in the Far East, with a DEA diversion/chemical control investigator based in Hong Kong assigned to the region. It is anticipated that through this cooperative arrangement, better chemical control enforcement efforts, along with improved Philippine legislation, can be developed and implemented.

The International Law Enforcement Academy (ILEA) in Bangkok (sponsored by the governments of the U.S. and Thailand) provided training to approximately 15 GOP drug enforcement personnel in 2001. A U.S. State Department grant of \$51,000 was agreed upon and signed by representatives of both governments in September 2000 to help finance computer equipment for interconnectivity between the NDLEPCC and the PCTC, and the equipment is expected to arrive in early 2002. The counternarcotics education and treatment NGO, Daytop International, conducted the second part of its demand reduction training course in July 2001 (the first part was presented in July 1999), focusing on drug abuse treatment methodologies. This program was also sponsored by a State department grant. Finally, the FBI Public Corruption and Ethics Course and ICITAP's Internal Affairs Process Course were also offered in the Philippines this year with State department grant support.

The Road Ahead. In 2002, the USG hopes to enhance the training available to GOP counterparts and promote the passage of much-needed law enforcement legislation through State department-funded programs. Prospective regional training (at ILEA in Bangkok) will focus on enhancing host country abilities to dismantle criminal organizations affecting the Philippines and the U.S. The USG will also continue to promote law enforcement institution building, encourage improved internal controls (to stem corruption), and encourage passage of needed laws (e.g. asset seizure and forfeiture, consensual monitoring, wiretapping). U.S. law enforcement will also continue to participate in intelligence exchanges with the Philippine law enforcement community. The goal of these efforts is to help the Philippines combat its internal drug problem and to facilitate cooperation to curb the drug flow to the U.S.

Singapore

I. Summary

The Government of Singapore (GOS) effectively enforces its stringent counternarcotics policies through strict laws (including the death penalty), vigorous law enforcement, and active prevention programs. Singapore is not a producer of precursor chemicals or narcotics, but as a major regional financial and transportation center, it is an attractive target for money launderers and drug transshipment. Singapore's counternarcotics law enforcement agencies are virtually free of drug-related corruption and regularly attend U.S.-sponsored training programs. The seizure of a tablet form of methamphetamine, originally introduced in Thailand and called "yaba" ("mad medicine" in Thai) for the effect it has on some abusers, substantially increased in 2000 and in 2001. Singapore is a party to the 1988 UN Drug Convention.

II. Status of Country

In 2001, there was no known production of illicit narcotics or precursor chemicals. The Central Narcotics Bureau (CNB) works with the DEA to closely track the import of small amounts of precursor chemicals for legitimate processing and use. CNB's precursor unit monitors and investigates any diversion of precursors for illicit use. Also, CNB effectively monitors precursor chemicals that are transshipped through Singapore to other regional countries. Singapore utilizes pre-export notification to countries intended to receive precursor chemicals transshipped through Singapore.

Heroin abuse in Singapore continued to decline in 2001. In 2000 (latest crystal methamphetamine statistics available), abuse of "ice," a crystal form of methamphetamine that is usually smoked, also declined. The amount of "ice" that law enforcement authorities seized in 2000 fell 42 percent to 759 grams. Methamphetamine abuse, especially the tablets called "yaba," has continued to increase. The number of "yaba" tablets seized in 2000 increased significantly, with the seizure of approximately 25,000 tablets, mainly from Thai trafficking organizations operating in Singapore. The "yaba" originates in Burma and is transited through Thailand, where it has caused an epidemic of methamphetamine abuse. It is usually smuggled into the country at ports of entry. Because of the increase in abuse of this form of methamphetamine, anyone caught with more than 250 grams is subject to the death penalty. Those convicted of possessing more than 25 grams will face charges of drug trafficking, which carries a minimum of five years imprisonment and five strokes of the cane.

III. Country Actions Against Drugs in 2001

Policy Initiatives. Singapore has continued to pursue a strategy of demand and supply reduction for drugs. This plan has meant that, in addition to arresting drug traffickers, Singapore has also focused on arresting and detaining drug abusers for treatment and rehabilitation. Through the Misuse of Drugs Act (MDA), the Central Narcotics Bureau (CNB) is empowered to commit all drug abusers to drug rehabilitation centers for mandatory treatment and rehabilitation. As a result of this effort, traffickers have seen a reduction in their clientele. This two-pronged strategy of demand reduction and vigorous enforcement against traffickers has been successful in curbing the drug problem in Singapore.

Singapore is a party to the 1988 UN Drug Convention. As a result of Singapore's accession to the Convention, the MDA was amended in 1998 to control the possession, supply, and manufacture of controlled substances. The amendment also provided regulations for the import, export, and transshipment of controlled substances. In May 2000, a new amendment to the MDA took effect, bringing two anesthetics under the law's purview. These substances are dihydroetorphine and remifentanyl, both known to be over 100 times more potent than morphine. This amendment came about after a

decision by the UN Commission of Narcotic Drugs to include both drugs in schedules to the 1961 UN Single Convention on Narcotic Drugs. Singapore is also a party to this Convention.

On the legislative front, Singapore enacted the Mutual Assistance in Criminal Matters (MACM) bill in 2000. This law builds upon the Drug Trafficking Act (DTA) of 1993, which provided a mechanism for mutual assistance with other countries in the fight against international drug money laundering. The MACM consolidates the existing mutual assistance provisions of the DTA and provides for more forms of assistance than were previously available under Singapore law.

Accomplishments. Singapore has continued to make significant progress in achieving and maintaining all the objectives of the 1988 UN Drug Convention. Domestically, the country has pursued its plan of rigorous enforcement action to curb supply and demand in the fight against drugs. On the international front, Singapore has continued to work not only with its ASEAN neighbors, but also the United States and other countries around the globe. As part of ASEAN, Singapore has pursued a regional plan called ASEAN-China Cooperative Operations in Response to New Dangerous Drugs (ACCORD), which creates measured targets in the fight against drugs in the region.

Law Enforcement Efforts. For the seventh straight year, the total number of people arrested on charges of possession, use, or trafficking in drugs is expected to drop, even though arrests in 2001 rose for methamphetamine, known locally as “ice” and “yaba.” Arrests for MDMA (ecstasy) declined in 2000 (latest statistics available). CNB efforts targeting heroin No. 3 abusers and long-term imprisonment for hard-core opiate addicts are at least partially responsible for the decline in arrests of heroin abusers. The CNB reports that 27 of the 56 major operations it mounted in 2000 were against drug syndicates. In 2000, authorities seized nearly 47 kilograms of heroin, as well as 4.5 kilograms of opium, 759 grams of methamphetamine, 10,339 tablets of ecstasy, 2 kilograms of ketamine, and thousands of dollars worth of assets.

Corruption. Singapore’s Central Narcotics Bureau (CNB) is charged with the enforcement of Singapore’s counternarcotics laws. The CNB and other elements of the government are effective and virtually free of any form of corruption.

Agreements and Treaties. Singapore is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Singapore and the United States continue to cooperate in extradition matters under the 1931 U.S.-UK extradition treaty. On November 3, 2000, Singapore and the United States signed a precedent-setting Drug Designation Agreement (DDA), strengthening existing cooperation between the two countries. In the past, the lack of such a bilateral assistance agreement had been an occasional handicap. The agreement provides for cooperation in asset forfeiture and sharing of proceeds in narcotics cases, and it is expected to result in significant seizures of illegal drug money laundering proceeds in the years ahead. The DDA will also facilitate the exchange of banking and corporate information on drug money laundering suspects and targets. These will include access to bank records, testimony of witnesses, and service of process. The DDA is the first such agreement Singapore has undertaken with another government and is also the first agreement made under the auspices of Singapore’s Mutual Assistance in Criminal Matters Act that was enacted in 2000. Singapore is negotiating similar accords with other nations. Singapore signed the UN Convention against Transnational Organized Crime in December 2000.

Cultivation/Production. There was no known cultivation or production of narcotics in Singapore during 2001.

Drug Flow/Transit. Singapore has the busiest (in tonnage) sea port in the world, and about 80 percent of the goods that enter its port are transshipped. Due to the sheer volume of cargo that transits the port, some of that cargo could contain illicit materials. The Government of Singapore (GOS) is aware of the problem and has taken action to stop the transshipment of illicit drugs, though there is room for improvement. GOS officials act effectively when they obtain information on possible transshipment of

narcotics through Singapore and share information with DEA officers on a case-by-case basis. Absent specific information about a drug shipment, GOS officials have been reluctant to impose tighter interdiction requirements at the port, out of concern that this would interfere with the free flow of goods and thus jeopardize Singapore's position as the region's primary shipping entrepot. During 2001, there were no known transshipments of narcotics through Singapore that reached the United States.

Domestic Programs (Demand Reduction). Singapore uses a combination of punishment and rehabilitation against first-time offenders. Many first-time offenders are given rehabilitation instead of jail time. The government may detain addicts for rehabilitation for up to three years. In an effort to curb drug consumption outside of Singapore, CNB officers may now require urinalysis tests for every Singapore citizen and permanent resident returning from outside the country. Those who test positive are treated as if they consumed the illegal drug in Singapore.

Adopting the theme "Prevention: The Best Remedy," Singapore authorities organize sporting events, concerts, plays, and other activities to reach out to all segments of Singapore society on drug prevention. Drug treatment centers, halfway houses, and job placement programs exist to help addicts readjust successfully to society. At the same time, the GOS has toughened anti-recidivist laws. Three-time offenders face long mandatory sentences and caning. Convicted drug traffickers are subject to the death penalty.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Singapore and the United States continue to enjoy excellent law enforcement cooperation. In 2001, approximately 60 GOS law enforcement officials attended training courses at the International Law Enforcement Academy (ILEA) in Bangkok on a variety of transnational crime topics.

The GOS has cooperated extensively in drug money laundering cases, including some sharing of recovered assets. Singapore law permits foreign governments to seek mutual assistance in drug trafficking cases, including the production of bank records upon entry into force of a mutual legal assistance treaty or a drug designation agreement, such as the one the United States and Singapore signed in November 2000.

The Road Ahead. The United States will continue to work closely with the Singapore authorities on all narcotic trafficking and money laundering matters. The United States will also encourage new currency reporting requirement laws and increased transshipment monitoring efforts at the Singapore container port.

South Korea

I. Summary

The Republic of Korea (ROK) is neither a major producer nor a consumer of illicit drugs, but drug abuse is up, and heroin precursor chemical diversion may be a bigger problem than thought previously. As it has in the past, the Korean Supreme Prosecutor's Office once again hosted the Anti-Drug Liaison Officials Meeting for International Cooperation (ADLOMICO) conference, attended by 138 representatives from 22 countries. The conference focused on global cooperation among the attending country representatives and aimed to enhance participants' understanding of each country's unique drug problems. This year the Asian region's methamphetamine abuse problems dominated discussions. No methamphetamine laboratories were discovered in South Korea in 2001, even though the availability of illicit drugs for domestic use, primarily methamphetamine, appears to have increased by seven percent based on seizures. Arrests for usage of methamphetamine are down. The availability of "club drugs" such as MDMA (ecstasy) also appears to be increasing, as is their use, especially in metropolitan areas. The Korean Supreme Prosecutor's Office and the Korean Customs Service have worked together diligently to continue expanding the country's efforts in drug awareness and demand reduction programs during 2001. South Korea is a party to the 1988 UN Drug Convention.

Cocaine and heroin transit South Korea for other markets, but not in great quantity. There has been a sharp increase in law enforcement officials' awareness of the transit through the ROK of precursor chemicals for producing heroin. This might be the result of training on chemical diversion being provided to Korean law enforcement agencies by the DEA.

II. Status of Country

The ROK has a moderate drug problem in comparison to countries with similar populations and land mass. The use of various club drugs, including ecstasy, Thai-type methamphetamine, and ketamine, has shown a continual increase. Importation of heroin and cocaine for local consumption remained steady compared to 2000. Arrests for drug abuse seem to have increased somewhat in Korea over the past year. With 47 million people, Korea reported only slightly over 10,000 drug arrests for 2000; from January through October 2001 an estimated 9,000 arrests were registered. There were clear indications during 2001 from seizures and subsequent investigations of violators that precursor chemical transit is much more common in Korea than previously thought. There was clear proof of sizable diversion of precursor chemicals for heroin during 2001.

III. Country Actions Against Drugs in 2001

Policy Initiatives. The Supreme Prosecutor's Office upgraded further an already well-staffed Narcotics Bureau to conduct narcotic investigations. The former director's position has been raised to that of Director General, and narcotics units have been created in every District Prosecutor's Office under the direct control of the Director General. In March 2001, the Korean Customs Service hosted precursor chemical diversion training provided by the DEA in Seoul and Pusan and it has since begun an aggressive campaign to identify cargo transiting Korea. The Korean National Intelligence Service recently has established a program among other drug law enforcement agencies to offer and expand the sharing of drug-related intelligence. This program falls under the Prime Minister's Office and is called the National Narcotics Prevention Program.

Agreements and Treaties. Korea is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol amending the Single Convention. Korea and New Zealand signed an extradition treaty in June 2001. Zhu

Rong Ji, the Prime Minister of China, signed an instrument of ratification for the extradition treaty that Korea and the People's Republic of China signed on October 18, 2000. The United States and Korea have entered into an extradition treaty, a mutual legal assistance treaty, and a customs mutual legal assistance treaty. Korea signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants in December 2000. It signed the Protocol against the Illicit Manufacturing of and Trafficking in Firearms on October 4, 2001.

Cultivation/Production. Although methamphetamine had been produced previously, currently production in the ROK, if any, is no longer significant. Some methamphetamine abused in South Korea appears to be entering from North Korea. The only other drugs known to be produced in Korea are marijuana and raw opium. In 2001, the Korean National Anti-Drug Program targeted marijuana and poppy cultivation. Between January and October, 12,564 poppy plants and 4,241 marijuana plants were seized. Marijuana, cultivated legally as hemp and used for fabrics and fertilizer, is grown in the northeast and southwest areas of the ROK but in relatively modest quantities. A portion of the licit marijuana crop is believed to be diverted for illegal use domestically. A derivative of marijuana, hashish, is found only in small amounts in the ROK, and is believed to be imported by West African and Middle Eastern smugglers.

Domestic Programs (Demand Reduction). Demand-reduction efforts using drug awareness train-the-trainers programs are carried out under the auspices of the Supreme Prosecutor's Office. During the summer of 2001, representatives from the Supreme Prosecutor's Office traveled throughout Korea and instructed school teachers about the perils of drug use, how to identify drugs, and how to recognize and counsel students suspected of using drugs. Teachers have been teaching their students about drugs during the school year. Additionally, the Pusan District Prosecutor's Office has initiated a drug awareness program. The program, which targets Pusan and the surrounding vicinity, uses a variety of approaches to curb drug use, including education and treatment.

Law Enforcement Efforts. The DEA, U.S. Customs Service, and military law enforcement authorities within the U.S. Forces in Korea (USFK) have continued to increase cooperative and joint enforcement efforts with the ROK Supreme Prosecutor's Office, Korean Customs Service, Korean National Intelligence Service, and Korean National Police, resulting in several successful drug cases. USFK has 37,000 military personnel in Korea, so USFK military law enforcement entities' coordination of drug investigations with the DEA and Korean authorities is important. USFK cooperation with the DEA is very close.

Corruption. Although there are media reports of corruption among public officials in the ROK, there is no evidence that public officials were involved in narcotics trafficking in 2001, or that corruption adversely influenced narcotics law enforcement in Korea.

Drug Flow/Transit. Methamphetamine, mostly from China, but also from North Korea and Thailand, is used in Korea and also transits the country. Cocaine and heroin are also used in and transit Korea. Transiting methamphetamine from China is often destined for the United States via Guam or Hawaii, but does not move in quantities sufficient to have a significant impact on the U.S. market. Heroin has been discovered coming from Thailand and Pakistan. Cocaine is used as a substitute for methamphetamine, but is very expensive and more difficult to obtain. While locally grown marijuana is available, some Southern African imports have also been discovered.

Recent investigations show that club drugs are becoming increasingly popular among Korean youth. Marijuana, ecstasy, and ketamine were discovered being smuggled into Korea in 2001..

IV. U.S. Policy Initiatives and Programs

In a continuing effort to target transit narcotics and precursor chemicals moving through Korea, the DEA held its first precursor chemical diversion training in 2001. The training was sponsored by the Korean

Customs Service and attended by members of the Korean Customs Service, Korean Supreme Prosecutor's Office and its district offices, Korean National Intelligence Service, Korean National Police, Korean Food and Drug Administration, and Korean National Institute of Scientific Investigations. During 2001, a Korean Customs Service Training instructor and a National Intelligence Service member were sent to DEA "Jetway" training in the United States. Both returned from this training and have been actively passing on their training to hundreds of members of their respective agencies.

The Road Ahead. ROK counternarcotics law enforcement authorities continue to strive toward a more global concept of narcotics investigation. They maintain a steadfast resolve to keep this national problem under control while combating the transit of narcotics through the ROK through increased international cooperation. The ROK is continually expanding its relationships with law enforcement agencies from neighboring countries.

Taiwan

I. Summary

Taiwan was removed from the list of major drug-transit countries/economies in 2000 because there was no evidence that it was a transit point for drugs destined for the United States. Stringent law enforcement procedures along with enhanced customs inspection and surveillance methods seem to have cut off serious flows of heroin from Taiwan to the United States. However, drugs continue to be trafficked into Taiwan's domestic market, especially amphetamine-type stimulants (ATS). Although Taiwan is not a UN member and cannot be a party to the 1988 UN Drug Convention, the authorities on Taiwan have passed and implemented laws that meet the goals and objectives of the Convention.

II. Status of Taiwan

Illicit narcotics are not produced on Taiwan. The PRC continues to be the primary source of drugs smuggled into Taiwan. Approximately 95 percent of methamphetamine and 79 percent of heroin whose origin could be identified entered Taiwan from the PRC, but some drugs, both amphetamines and heroin, appear to come from North Korea as well.

III. Actions Against Drugs in 2001

Policy Initiatives. Regulations to implement the Witness Protection Law went into effect on July 4, 2001. The Legislative Yuan (LY) is considering a number of amendments to Taiwan's counternarcotics laws, which the Executive Yuan proposed at the beginning of 2001. The amendments would revise the Hazardous Narcotics Prevention Act to simplify the criminal procedures for prosecuting drug users and the procedures for compulsory rehabilitation and rehabilitation under observation. In addition, the MOJ's District Prosecutors' Offices have established special counternarcotics units.

Authorities on Taiwan have repeatedly expressed interest in working with PRC law enforcement agencies to combat smuggling and other criminal activities. The PRC, however, has thus far refused to cooperate, for political reasons.

Accomplishments. In 2001, the American Institute in Taiwan (AIT) and its Taiwan counterpart, the Taipei Economic and Cultural Representative Office (TECRO) reached preliminary agreement on a mutual legal assistance agreement. AIT and TECRO are expected to sign the agreement in 2002. Once it is in force, the agreement will provide a broader legal basis for enhanced law enforcement cooperation.

Law Enforcement Efforts. The Ministry of Justice has primary responsibility for formulating counternarcotics policies and drafting legislation. The Ministry of Justice Investigation Bureau (MJIB) and the National Police Administration's (NPA) Criminal Investigation Bureau (CIB) are Taiwan's lead counternarcotics agencies. Counternarcotics law enforcement is a priority on Taiwan and the relevant agencies have the necessary resources to fulfill their missions. The MJIB has made it a priority to develop a drug trafficking database to enhance its ability to focus on major drug traffickers and their organizations.

By the end of August 2001, the authorities on Taiwan had seized 152.9 kilograms of heroin and 1,156.11 kilograms of methamphetamine. In comparison, authorities on Taiwan seized 277.33 kilograms of heroin and 836.24 kilograms of methamphetamine during 2000. Through the first nine months of the year, narcotics-related convictions had increased by 12 percent compared to the same period in 2000.

Corruption. There have been no reported cases of official involvement in narcotics trafficking on Taiwan. President Chen Shui-bian's administration continues to make fighting corruption in the political system one of its highest priorities.

Agreements and Treaties. The AIT-TECRO MLAA will enter into force after both parties sign it. In 1992, AIT and TECRO signed a memorandum of understanding on counternarcotics cooperation in criminal prosecutions, and in 2001, AIT and TECRO signed a customs mutual assistance agreement. Taiwan is not a UN member and cannot be a party to the 1988 UN Drug Convention. The authorities on Taiwan are committed to the goals and objectives of the Convention and have enacted legislation to bring Taiwan's counternarcotics laws into conformity with its provisions.

Law enforcement authorities on Taiwan work closely with foreign law enforcement authorities. For example, the MJIB worked with counternarcotics authorities in the region, leading to arrests and drug seizures in five separate cases this year. In April, the MJIB conducted a counternarcotics training seminar for a group of Latin American countries and did the same in October for six Southeast Asian countries.

Drug Flow/Transit. The PRC remains the principal source for both heroin and methamphetamine, but at least some drugs enter Taiwan from North Korea as well. Fishing boats and cargo containers are still the primary means of smuggling both types of drugs into Taiwan. However, the MJIB has noted an increase in the amount of drugs smuggled into Taiwan by couriers posing as tourists. Drugs have been found strapped to their bodies and hidden in their clothing.

Domestic Programs (Demand Reduction). A number of departments are involved in efforts to prevent drug abuse. For example, the Ministry of Education provides training for teachers on how to discourage drug use and it is working with civic and religious groups to spread the same message. Recognizing the vulnerability of teenagers to drug abuse, the Ministry of Justice has organized an educational campaign specifically targeted at this demographic group. It has also produced some videos with popular entertainers to promote its counternarcotics message.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The main U.S. counternarcotics policy goal with respect to Taiwan is to ensure the latter does not become a major transshipment point for U.S.-bound narcotics by encouraging the authorities to maintain and improve their fight against drugs.

The CIB regularly shares information with the DEA and enjoys a close working relationship with the DEA's Hong Kong office. This fosters an atmosphere of cooperation and allows investigators to target transnational criminal organizations at all levels. The DEA has noticed an improved working relationship with the MJIB, compared to the past when the MJIB was more reluctant to exchange investigative information freely. Over the past year, the MJIB has also been more willing to conduct joint investigations and has cooperated more closely once joint operations began. The DEA has also begun to share information with the Coast Guard Administration and expects to continue to expand its relationship in the coming year by jointly targeting narcotics trafficking syndicates, especially those operating in the Taiwan Strait.

The DEA has also held training seminars for Taiwan counternarcotics authorities, including a three-day seminar for approximately 75 mid-level officers from Taiwan's NPA, MJIB, and the Ministry of Health, covering topics such as: informant handling, "club drugs" such as MDMA (ecstasy), controlled deliveries, intelligence collection, drug trafficking trends, the DEA's Diversion Program, and undercover operations. In September the DEA, the U.S. Coast Guard, and the U.S. Customs Service conducted a weeklong training seminar for over 100 members of Taiwan's recently established Coast Guard Administration, covering handling informants, assessing risks of vessels, selecting a vessel to search, and preparing to board vessels. The seminar also covered boarding procedures, uncooperative vessels, hidden compartments, occupational hazards, crime scene management, international law, controlled deliveries, smuggling trends, and drug trafficking trends.

The Road Ahead. The DEA plans to conduct additional training with the Coast Guard Administration, focusing on advanced investigative techniques used by narcotics investigators. The DEA will also continue to strengthen its working relationship with authorities on Taiwan involved in counternarcotics efforts and

encourage them to continue to share information in a timely manner and conduct more joint investigations.

Thailand

I. Summary

Thailand has continued its history of effective drug control efforts, and cooperation with the United States and the international community in measures against illicit drugs. Thailand actively promotes regional cooperation against drug trafficking and other transnational and organized crime, and is co-sponsor with the United States of the Southeast Asia International Law Enforcement Academy (ILEA) in Bangkok. The U.S.-Thai extradition relationship is excellent, and Thailand continues to extradite its nationals under the bilateral extradition treaty. There is continuing close cooperation between U.S. and Thai drug and other law enforcement authorities.

In 2001, epidemic-scale abuse of amphetamine-type stimulants (ATS), particularly among school-aged youth, remained Thailand's most imperative illegal drug problem. Thai authorities estimate that some three million people use some illicit drug, of whom about two-and-a-half million use ATS. Drug abuse is acknowledged by the Thai government and public as a central challenge to national security, and the safety and health of the population. The prison population has more than doubled in just five years, and over 65 percent of inmates are imprisoned for narcotics-related offenses. In the first 11 months of 2001, over 60 persons were sentenced to death for drug offenses. Thailand continues to afford high priority to demand reduction through drug abuse prevention and treatment, emphasizing ATS abuse. Thai authorities continue to explore additional approaches to cost-effective community-based protocols for addiction treatment. In 2001, Thailand initiated mandatory treatment in camps operated by the Royal Thai Armed Forces as an alternative to penal incarceration for users who are first-time offenders. Abuse prevention and treatment efforts in active cooperation with the United States emphasize training for public and private sector health and education professionals.

As a result of its successful three-decade crop control programs, Thailand is no longer a major producer of opium poppy. The United States estimates that poppy cultivation occurred on less than 1,000 hectares for the third successive year. Addicts in Thailand now depend largely on imported heroin. Thailand is important to the transit of heroin produced in Burma, Laos, and elsewhere to the United States and other international markets. Efforts by drug-trafficking organizations to conduct illegal business or protect themselves and their assets make public corruption a major problem for law enforcement agencies and the judiciary. Thailand has decided to become a party to the 1988 UN Drug Convention, pending approval of implementing legislation.

II. Status of Country

The most commonly abused drugs in Thailand in 2001 were ATS. The form of abuse in Thailand differs from the most customary forms of abuse of methamphetamine in the United States. In the United States, methamphetamine is typically encountered in crystal form, normally with a very high purity. In Thailand, the most often encountered forms of ATS (called "yaba") are pills or tablets whose purity in 2001 averaged 24-28 percent. These may be ingested, but they increasingly are crushed and smoked to gain a more rapid and intense "rush."

Some level of ATS abuse historically existed among persons whose jobs or trades encouraged them to use stimulants to boost potential earnings, e.g. taxi and truck drivers. In the past several years, however, fueled by ready availability and low prices per dose, ATS abuse has become widespread among school-aged youth, including middle- and upper-class children, and among marginal socioeconomic groups such as urban or rural poor and minorities. This significant growth and shift in abuse pattern has led the Thai government to recognize, and the public to acknowledge, that ATS abuse is a major national security problem for Thailand and an important threat to the safety and health of its people. Thai authorities

estimate that some three million persons (about one in every 20 Thais) now use some illegal drug, of whom about two-and-a-half million use ATS.

A small percentage of ATS consumed in Thailand is produced domestically, usually using Burmese-origin tablets that have been crushed, diluted, and re-pilled. Thai authorities estimate that more than 700 million ATS pills were smuggled into Thailand in 2001. Virtually all of this is from Burma, where many traditional heroin trafficking organizations have also entered the lucrative ATS manufacturing and smuggling trade. From January through September 2001, the Royal Thai Government (RTG) reported seizing 6,895 kilograms of ATS drugs.

Thailand is no longer a significant source of opiates in the international illicit market. Its harvestable opium poppy crop for 2001 is estimated by the USG as under 1,000 hectares for the third successive year, an insignificant share of total global opium production. Thailand's domestic population of opium and heroin abusers now depends primarily on illicit opiates smuggled from Burma. However, Thailand remains a major factor in the international trade in illegal opiates as a transit country for organizations trafficking in opiates from Burma and Laos to the United States and other international markets. Thailand is an important regional maritime and air transportation center, and the center of important international tourist traffic. This has made it a frequent transit, repackaging, or resale point for Southeast and Southwest Asian heroin. Smuggling methods from Burma have become diversified to include direct maritime shipment to regional container ports.

Thailand produces limited quantities of cannabis, primarily in its northeast region. Quantities produced have been limited in recent years by the RTG's drug suppression activities, and by competition from growers in Cambodia who have lower production costs and are less affected by law enforcement. There continue to be some reports of cannabis cultivation in the northern and southern regions of Thailand.

While ATS is the principal drug abuse problem in Thailand, there is growing use of the synthetic drug MDMA (ecstasy), particularly at clubs, discos, and party spots in Bangkok, other major urban centers, and principal tourist areas, mostly among privileged classes that can afford its high price (averaging \$20-\$40 per tablet). During 2001 (January to September), RTG authorities seized 15 kilograms of ecstasy, compared with 18 kilograms for all of 2000, and only five kilograms in 1999. Virtually all ecstasy seized in Thailand appears to come from Europe, mainly the Netherlands, with some shipments originating also in Belgium. There are some reports that China may be a developing source. RTG officials believe the same organizations that ship heroin to Europe import ecstasy to Thailand.

III. Country Actions Against Drugs in 2001

Policy Initiatives. In August 2001, Thailand was instrumental in promoting a regional meeting at the ministerial level among China, Thailand, Burma, and Laos, which issued a joint statement of intent to cooperate against drugs. Thailand is actively seeking, and has offered to host, a summit-level meeting of these four countries. Thailand continued to participate actively in cooperative training, professional development, and information exchange activities under a sub-regional memorandum of understanding among Burma, Cambodia, China, Laos, Thailand, and Vietnam, developed under the auspices of the UNDCP. In 2000, Thailand co-hosted a UNDCP conference that advanced a concept for cooperative action against illicit drug abuse, trafficking, and production by the ten members of ASEAN plus China. In November 2001, the UNDCP and ASEAN organized a follow-up meeting to develop further this "ACCORD" plan of action. The governments participating in the ACCORD process have emphasized that it is primarily motivated by the regional participants, rather than being donor-driven. In November, the United States was again invited as an observer to ministerial-level Thai-Lao bilateral consultations on drug matters in Luang Prabang.

Thailand considers effective action against drug trafficking and production in Burma indispensable to the success of its own national drug control strategy. For this reason, Thailand took initiatives to promote closer contact and cooperation with Burma in 2001. The two countries exchanged high-level visits and

cooperation and information sharing at operational levels increased. For example, a June visit to Burma by Thai Prime Minister Thaksin and a September trip to Thailand by senior Burmese official Khin Nyunt produced declarations of intent to pursue common actions against drugs. Thailand has consistently urged a policy of greater engagement with Burma on specific technical areas of cooperation against drugs as one of the most important things the United States could do to assist Thailand.

In early 2001 in the Andaman Sea, Thai authorities boarded and seized a vessel whose voyage originated in Burma, which proved to be carrying a substantial quantity of heroin and methamphetamine. Thai authorities provided Burmese police with some partial information (telephone numbers) developed from the investigation of this seizure, which led in September to the arrest by Burma of two individuals wanted by Thailand for involvement with this shipment. Also, Thailand has announced a grant of 20 million baht (about U.S. \$450,000) to fund a demonstration alternative development project for opium poppy reduction in the Wa state area in Burma.

Upon his election in January 2001, Prime Minister Thaksin announced a policy of strong support for measures against drug trafficking. The actual legislative process during the first year of his government, however, has been protracted and results in passing laws to implement policy initiatives have been limited, as they have been in other fields. Legislation that would permit the use of controlled deliveries in drug investigations has been introduced and is pending before the parliament. Thailand has requested U.S. experts to review other existing legislation and assist in developing more effective investigative and prosecutorial methods. Changes in law that would allow other effective investigative methods, including witness protection, co-conspirator testimony, and electronic evidence, still remain under study. Thai authorities are also considering improvements in laws relating to maritime drug trafficking, and ways to improve conditions for drug law enforcement on the Mekong River, where the border with Laos is not clearly demarcated. Large numbers of Thai officials, including senior law enforcement and judicial officials, participated during 2001 and previous years in expert exchanges, training seminars, and digital video conferences with U.S. experts on many of these subjects. Thailand maintains substantial financial support for programs to combat the abuse, trafficking, and production of illicit drugs, and other related transnational crimes. The ONCB (Organization of the Narcotics Control Board), in the Office of the Prime Minister, has continued to function as an effective institution for both planning national drug control strategy, and coordinating the efforts of 36 agencies from 11 ministries that have responsibilities to help deal with these problems.

The RTG has continued to develop initiatives to implement its drug abuse prevention and treatment goals more effectively. During 2001, the RTG initiated a new program under which courts may assign first-offender drug users to mandatory substance abuse treatment as an alternative to penal incarceration. Camps where such mandatory treatment is provided have been established by all three services of the Royal Thai Armed Forces, and by the end of 2001, several thousand individuals had been assigned to such camps, reducing the burden on a terribly overcrowded prison system. The RTG, with assistance from the Department of State, also continued to expand its ATS outpatient treatment program based on the state-of-the-art "MATRIX" model developed in the United States. In late 1998, the RTG signed a bilateral agreement with the United States to establish in Bangkok an International Law Enforcement Academy (ILEA). This was modeled generally on the successful ILEA established in Budapest in 1995. By the end of 2001, ILEA/Bangkok had trained over 2,000 law enforcement and judicial officials from all members of the Association of Southeast Asian Nations (ASEAN) except Burma. (Cambodia was included for the first time in 2001.) The PRC (including the Hong Kong and Macau Special Administrative Regions) also received training at ILEA/Bangkok. Since its establishment, ILEA/Bangkok has operated in temporary facilities made available by the RTG Civil Service Training Institute. In November 2001, the RTG offered a site for construction of a permanent instructional and office facility for the ILEA. It is hoped that construction can be completed in 2002.

Law Enforcement Efforts. The ONCB and the Police Narcotics Suppression Bureau (PNSB) are primarily responsible for national-level drug law enforcement programs. These agencies operate in

coordination with local police, and with enforcement authorities such as the Border Patrol Police, Provincial Police, Marine Police, and the Royal Thai Customs Service on drug cases.

During 2001 (figures are for January-September), Thai authorities reported a total of 130,905 persons arrested for drug trafficking offenses, and 121,905 indictments were brought against suspects on drug charges. Four hundred seventeen kilograms of heroin, 6,895.0 kilograms of methamphetamine or other ATS drugs, 8,108 kilograms of cannabis, 15 kilograms of ecstasy, and 244 kilograms of inhalants were reported seized. Under Thai law, drug trafficking may result in the death penalty. During 2001, over 60 defendants were sentenced to death for drug trafficking, and nine such sentences (January-October) were carried out. Under Thai law, the death penalty may be imposed for production or international smuggling of as little as 20 grams of heroin or amphetamines.

As part of a DEA/State Department-funded program, the Royal Thai Police have established five specially selected, trained, and equipped units that conduct investigations of specific trafficking threats faced by Thailand, its neighbors, and the United States. The most recent of these units was formed to operate against the threat of maritime heroin smuggling, and became operational in 2000.

During 2001, the USG completed training for Task Force 399, a joint unit established by the Royal Thai Army Third Region Command and the Border Patrol Police to operate against drug smuggling in remote areas near the northwest border with Burma. Task Force 399 began operations during the last quarter of calendar year 2001. It is supported by an interagency intelligence fusion center established at Chiang Mai with USG assistance and support. USG training and assistance to this unit will continue in 2002.

Corruption. As a matter of government policy, the RTG does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. No senior official of the RTG is known to engage in, encourage or facilitate the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. Many years ago, the Department of State Narcotics Assistance Program made available aircraft, and over the years has made available other equipment, to the RTG for use against production and trafficking in illicit drugs. There is no known evidence indicating any misuse by the RTG of such aircraft or other equipment.

Public corruption is, as a general matter, a serious problem in Thailand, and is recognized as such. Historical and cultural attitudes of deference to individuals of wealth, social standing, or official position have contributed to acquiescence to corruption in years past. Limited public sector salaries, a problem exacerbated since the 1997 economic crisis, have further constrained government resources, creating the same incentives for corruption in Thailand as they do in many other countries. Political interference in, or outright sale of, promotions or positions often becomes known throughout the law enforcement community, raising the level of cynicism and offering excuses for those disposed to abuse their own positions and seek money or other favors. Many government officials live well above their identifiable means. Efforts by the illegal drug industry, or by other transnational criminal organizations, to facilitate their illegal activities or to secure their persons and assets, have contributed to corruption in law enforcement and judicial institutions, due to the great financial resources available to such criminals.

In the past several years, popular acquiescence in many forms of public corruption has diminished sharply in Thailand. Recent laws have established a requirement for declaration of assets by cabinet ministers and over 900 other senior officials. Such officials must also disclose assets and liabilities of their spouses and minor children. In 2000, a Deputy Prime Minister/Minister of the Interior and Secretary General of a leading political party was banned from political activity for five years for failing to declare all assets. While he was ultimately cleared of wrongdoing by a constitutional court decision, Prime Minister Thaksin was also involved in a court case for much of 2001 regarding alleged deficiencies in financial disclosure statements filed during his previous government service. A national counter-corruption commission was created by the 1997 constitution to administer the financial disclosure system, and to investigate suspected instances of public corruption. A number of officials at levels up to sub-cabinet status are presently under investigation for allegations of abuses such as procurement fraud or contract bid manipulation.

Over years, the ONCB and the PNSB, have exhibited a generally high degree of professionalism and honesty. Security of complex investigations against major drug traffickers sought for extradition to the United States has been maintained, indicating that there is institutional recognition among police officers and government officials of those who can be trusted with sensitive information in specific cases. During 2001, the PNSB dismissed an officer who tested positive for drug use during a urinalysis, a sanction that had not been applied previously. In September 2001, the deputy head of the RTP financial crimes division was relieved of duty pending investigation of charges that he had accepted bribes to block investigation of alleged tax offenses by a criminal organization involved in, among other crimes, sale of contraband to Burmese drug traffickers. Corruption is certainly the most difficult and durable problem faced by Thailand's drug law enforcement and criminal justice institutions. However, the RTG has displayed a general willingness, backed by strong popular support, for legal and enforcement measures to prevent and punish such public corruption, especially where it facilitates the production, processing or shipment of illegal drugs or other controlled substances, or discourages investigation or prosecution of such acts.

Agreements and Treaties. Thailand has decided to become a party to the 1988 UN Drug Convention, pending approval of implementing legislation. It expects to do so once amendments are approved to some maritime and criminal laws that will conform to the requirements of that treaty. It is party to the UN 1961 Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Thailand signed the UN Convention against Transnational Organized Crime when it was opened for signature in December 2000. Thailand has various bilateral agreements on drug control with most of the countries it borders, and it is party to a number of regional agreements and arrangements on drug control and law enforcement cooperation.

Thailand has been highly cooperative with the United States in delivery of fugitives under the bilateral Thai-U.S. extradition treaty. Concerned Thai authorities, including the Foreign Ministry, the judiciary, the Royal Thai Police, and the Office Of the Attorney General, have developed expedited extradition mechanisms, and have worked closely with the U.S. Department of Justice and courts to facilitate extraditions. During 2001, Thailand extradited seven individuals in response to U.S. requests, of which three were narcotics related. The number of extraditions varies from year to year, but Thailand is generally viewed as one of the most cooperative nations when the need to extradite arises.

Thailand has responded to requests from the USG for assistance under the bilateral mutual legal assistance treaty, and routinely responds to such requests from other countries with which it has bilateral treaties. Thai law enforcement agencies are also responsive to requests for investigative assistance from U.S. drug law enforcement agencies, and share information regularly concerning drug trafficking investigations.

Every year for over two decades, Thailand has signed several bilateral agreements with the United States for cooperation in specific narcotics control assistance projects. In all material respects, Thailand has taken the actions necessary to accomplish the goals established by these bilateral narcotics control project agreements.

Cultivation/Production. Thailand has one of the most successful drug crop control histories in the world. The RTG prohibited traditional cultivation of opium poppy in 1959, and in 1969 initiated the Royal Project To Promote Reduction In The Poppy Crop by providing alternative licit livelihood to growers. In the 1990s, sustained alternative development efforts were complemented by systematic annual destruction of cultivated poppies by the Royal Thai Army. For the third successive year, harvestable opium poppy cultivation was estimated by the USG at less than 1,000 hectares, with a maximum potential opium production of under six metric tons. This is a trivial fraction of opium production in the region, and is insufficient to supply the domestic Thai population of opium and heroin abusers. In the 2000-2001 growing season, 757 hectares of poppy were eradicated. The 2001-2002 eradication campaign began in December 2001. As a general rule, Thailand sends police to the area of cultivation, at the appropriate time in the growing cycle, and knocks down the immature plant with wooden sticks.

Some cultivation of cannabis occurs on both sides of the Mekong River in Thailand and Laos, with processing in areas of both countries near the Mekong border. ONCB reported eradication of 19.82 hectares of cannabis in 2001 (January-September).

ONCB coordinates its annual opium crop survey with the assistance of the Royal Thai Army Zone III and the Royal Thai Police. The survey and analysis methodology is accepted as highly accurate, and a model for other countries in the region. Ground and aerial surveys are employed. Information from the computer geographic information system is combined with survey and other statistical data to assess opium poppy cultivation trends. This information is provided to operating eradication units. ONCB conducts survey activities before, during, and after the normal opium poppy cultivation cycle to capture early and late planting. The ONCB survey chief is a consultant to the UNDCP for applying Thailand's methodology in other developing countries with illicit drug crop cultivation problems.

Production in Thailand of refined opiates has essentially ceased with the substantial elimination of large-scale poppy cultivation. There is some production in Thailand of methamphetamine for domestic sale, largely using ATS tablets produced in Burma that are crushed, diluted, and reconstituted as tablets. The majority of ATS drugs sold in Thailand appear to be produced in clandestine laboratories in Burma. ONCB reported destruction of nine clandestine ATS laboratories or production facilities during the period January-September 2001.

Drug Flow/Transit. Methamphetamine and opiates enter Thailand for consumption and for transit to the United States and other world markets. Thailand is, therefore, both a consuming and a major transit country. Neither Thai nor regional and other law enforcement agencies possess complete information on the volume of drug trafficking involving Thailand. Nevertheless, heroin seizures confirm intelligence indications that significant amounts of heroin transit Thailand.

During the past several years, there have been indications of progressive increase in the use of alternative smuggling routes for heroin through southern China, Laos, Vietnam, and Cambodia, as well as maritime means. The UNDCP estimates that 60 percent of heroin produced in Burma now leaves that country through China. The adoption of smuggling routes that avoid Thailand is the best basis to conclude that drug traffickers consider exposure to effective law enforcement action by Thai authorities to be great enough to justify their development of new routes that avoid Thailand.

International postal and express mail services, and couriers ("mules") using commercial air carriers, remain common methods of smuggling heroin out of Thailand. Destinations of recent mailings included Canada, Spain, and the Czech Republic. Heroin carried by couriers was normally in kilogram or multi-kilogram quantities. West African traffickers based in Bangkok employ large numbers of couriers of mixed ethnic backgrounds to smuggle small quantities (one to four kilograms) on their persons or in luggage, accepting the loss of a certain number of couriers and amount of product as a normal cost of doing business. Occasionally, larger quantities up to 25 kilograms are smuggled in baggage.

During 2001, continued low prices for heroin from southwest Asia resulted in increasing use of an emerging smuggling route involving transit of Southwest Asian heroin through Bangkok to international markets. This emerging route is most notable among West African trafficking organizations, which send couriers to purchase quantities of cheaper Southwest Asian heroin in Pakistan or elsewhere in that region. Use of American, Nepalese, African, Indonesian, and Singaporean couriers has been documented. Many couriers travel on flights from Lahore, Islamabad or Karachi to Singapore, Jakarta, or elsewhere with intermediate one to three day stops in Bangkok (and often Nepal).

There were reports that ATS produced in facilities operated by the United Wa State Army in Burma were being exported by Thailand-based traffickers to customers in the United States. Parcels mailed from Thailand to Thai nationals living in north-central and southern California have been found to contain methamphetamine tablets, and the quantities being seized increased during 2001.

Thai officials support coordination and cooperation among the "Foreign Anti-Narcotics Community" (FANC), which is composed of 51 foreign law enforcement officials from 21 agencies attached to 19

foreign embassies in Bangkok. This professional organization works with Thai drug enforcement officials to identify common problems and seek solutions that promote regional and international cooperation on drug trafficking issues. U.S. and other foreign immigration officials in Bangkok have established a 24/7 office at the Don Muang International Airport to assist Thai authorities to identify mala fide travelers, including drug couriers, seeking to board flights to international destinations.

Domestic Programs (Demand Reduction). The Thai National Drug Control Strategic Plan for 2001 makes reduction of demand for illicit drugs equal in priority to reduction of drug supply. Demand reduction is based on parallel efforts to prevent the initiation of new illicit drug abusers through education and public awareness programs, and reduce the number of illicit drug users and addicts by drug abuse treatment programs. This includes a large and comparatively effective set of programs for drug abuse treatment of addicts or users among the prison population, or for minor first-time offenders assigned by courts to non-voluntary RTG drug abuse treatment programs in camps operated by the armed forces.

ONCB has general responsibility for coordinating prevention and treatment programs, with participation by NGOs through a national NGO counternarcotics coordinating committee. A permanent substance abuse epidemiological network has been established to support the design of effective prevention strategies with timely information about use patterns and motivations among affected sub-populations. The ministries of health and education have programs in place to offer treatment and implement prevention programs in schools and in provincial areas, as well as programs targeting specific high-risk groups including students and tradesmen such as long-haul truck drivers. The Bangkok office of the DEA has assisted the RTP to establish the “Drug Abuse Resistance Education” (DARE) Program in Thailand.

Thailand is active in the international network of public/private sector drug prevention organizations. This network mobilizes public opinion against the illegal drug trade, and promotes national efforts against abuse, trafficking, and production of illicit drugs. In 1999, Thailand hosted a second annual global prevention summit, which created a global standing committee to manage a comprehensive network of 5,000 organizations in 44 countries. A retired RTP general officer and former ONCB Secretary General chairs this committee, whose secretariat is located in the office of the Asia Pacific NGO Committee on Drug and Substance Abuse Prevention in Bangkok.

The Thai Ministry of Public Health is implementing a curriculum of substance abuse treatment directed at ATS abuse, in collaboration with the MATRIX program developed at the UCLA School of Psychiatry. Community-based outpatient treatment centers for this form of substance abuse are being established throughout the country, and the program will expand to other institutions as health care providers receive appropriate training. Ministry of Public Health and non-governmental Thai substance abuse specialists maintain active exchanges with U.S. counterparts. Thailand has also been active in development of corrections-based drug abuse treatment programs, in collaboration with the NGO Daytop International. The Thai Department of Corrections has implemented therapeutic community treatment programs in juvenile corrections and intake centers throughout Thailand. These programs were expanded in 2001 by implementation of the program for compulsory treatment in lieu of penal incarceration for minor first-time addicted offenders.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. For 2001, the United States identified the following specific drug-control goals as ones Thailand should work to achieve:

- Develop legislation that will allow the use of more effective investigative and prosecutorial methods;
- Develop the Anti-Money Laundering Office (AMLO) into a viable institution;
- Ensure that Task Force 399 becomes effective through the sharing of information between the Royal Thai Army and the Border Patrol Police;

- Continue working with China and Burma to curb the ability of drug traffickers in areas controlled by the United Wa State Army to obtain precursor chemicals and obtain goods and services;
- Continue to use the “ACCORD” process to increase regional cooperation on drug trafficking;
- Continue efforts to engage the Lao and Cambodian governments on cross-border issues;
- Pursue corruption whenever it enables narcotics trafficking and;
- Finalize accession to the UN Drug Convention.

Bilateral Cooperation. Thailand and the United States have a history of close partnership in efforts against all aspects of the abuse, trafficking and production of illicit drugs. Thai and United States drug law enforcement institutions collaborate closely in investigations of common concern. Bilateral narcotics control assistance projects and the bilateral agreement to operate ILEA/Bangkok are further examples of continuing effective bilateral cooperation.

The Department of State Drug Assistance Program in Thailand in 2001 included four projects:

- The Narcotics Law Enforcement Project to enhance the capabilities of Thai drug law enforcement institutions effectively to investigate and prosecute major drug trafficking organizations. This project provides commodity and training Support for the ONCB, PNSB, and other Thai drug law enforcement agencies, and supports efforts to strengthen the Thai criminal justice system.
- The Crop Control Project provides support to the Royal Thai Army Region III, ONCB, and other institutions to survey, locate, and eradicate illicit opium poppy cultivation in northern Thailand.
- The Demand Reduction Project, to which the Department of State’s Bureau for International Narcotics and Law Enforcement Affairs (INL) has provided substantial annual funding, assists Thai authorities to improve and expand drug abuse prevention and treatment programs, and to support increased engagement by NGOs and the private sector in national drug awareness efforts.
- A Regional Initiatives Project supports Thai government cooperative activities with regional neighbors in narcotics control issues. The largest part of this project is the U.S. contribution of operating costs for ILEA/Bangkok. U.S. law enforcement agencies including the DEA, Customs Service, FBI, INS, and Secret Service, from offices in Thailand or from the United States, regularly provide instructors at the ILEA. These agencies develop and offer training in drug and other significant criminal law enforcement subjects, such as trafficking in women and children, which are often related to drugs. Thailand’s support and active role in ACCORD activities is a good example of how Thailand shows leadership in regional cooperation. ACCORD brings experts on drug trafficking and treatment from ASEAN states and China together to exchange views.

The Road Ahead. Thailand will continue to be a regional leader in drug control and in efforts against related forms of transnational crime. It will continue to cooperate closely with the international community on these issues.

Legislation to employ advanced techniques for investigation and prosecution of drug and other serious criminal offenses will be approved over the next few years. These will probably address, among other issues, plea bargaining, co-conspirator testimony, witness protection, broadening of rules of evidence, and

electronic evidence. Taken as a whole, Thailand's implementation of its national drug control strategy will in general become increasingly effective.

Close cooperation between the United States and Thailand will continue on drug and other crime control issues. Extradition and mutual legal assistance relationships, and investigative cooperation between law enforcement agencies, will remain strong. Regional cooperation against transnational crime will be promoted through continued effective operation of the ILEA/Bangkok.

Thai authorities will begin to plan and implement measures to address new drug trafficking methods and routes. This will include measures to improve intelligence collection, operational planning, and implementation against maritime drug trafficking, particularly in Thailand's territorial waters and adjacent seas.

Action to prevent, control, disclose, and punish public corruption will remain the most difficult long-term challenge to the RTG. Over the next several years, the RTG should begin to develop improved public ethics regimes, internal oversight mechanisms, and mechanisms to enlist public support in measures against official corruption.

Thailand Statistics

(1993–2001)

	2001	2000	1999	1998	1997	1996	1995	1994	1993
Opium									
Potential Harvest (ha)	820	890	835	1,350	1,650	2,170	1,750	2,110	2,880
Eradication (ha)	832	757	808	715	1,050	880	580	0	0
Cultivation (ha)	1,652	1,647	1,643	2,065	2,700	3,050	2,330	2,110	2,880
Potential Yield ¹ (mt)	6	6	6	16	25	30	25	17	42
Cannabis									
Potential Harvest (ha)	—	—	—	—	—	—	—	—	—
Eradication (ha)	—	0	0	0	0	85	80	85	80
Seizures									
Opium (mt)	2.053	0.630	0.440	1.500	0.720	0.620	0.920	0.600	2.200
Heroin (mt)	0.417	0.290	0.310	0.530	0.320	0.390	0.690	1.100	2.100
Cannabis (mt)	8.08	6.50	45.25	6.00	9.00	44.00	46.00	71.00	98.00
Other Data									
Heroin Labs Destroyed	0	0	0	1	3	2	1	0	2
Meth Labs Destroyed	9	9	14	13	19	1			
Narcotics Arrests (thousands)	131	133	205	186	158	125	120	102	85
Opium Consumed (mt)	60.0	60.0	60.0	60.0	60.0	60.0	60.0	53.0	53.0
Heroin Consumed (mt)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5	4.5
Opium Users (thousands)	111	111	111	111	111	111	111	35	35
Heroin Users (thousands)	220	220	220	220	220	220	220	220	220

¹ Figure based on December 1991-February 1992 Opium Yield Study. Average yield hectare is 11.5 kilograms. Opium in Thailand is generally cultivated, harvested and eradicated from October to February each year. To make the data consistent with seizure and processing data, opium seasons are identified by the calendar year in which they end. For example, the October 1999 to February 2000 opium season is referred to as the 2000 calendar year season. Data on opium cultivation, eradication, and production are based on USG estimates. RTG estimates are often lower on cultivation and higher on eradication. Data on opium cultivation, eradication, and production are based on RTG and USG estimates. RTG estimates are lower on cultivation.

Vietnam

I. Summary

Approaching the drug problem in a comprehensive manner, the Government of Vietnam (GVN) continued to make progress in its counternarcotics efforts during 2001. Specific actions included: enhanced law enforcement, increased attention to interagency coordination, continued cooperation with the UNDCP, ratification of a comprehensive counternarcotics law, and implementation of public awareness campaigns. Despite the GVN's counternarcotics efforts, however, the drug abuse problem in Vietnam worsened, as overall drug abuse increased and amphetamine-type stimulants (ATS) gained in popularity among Vietnam's youth. Vietnam is a party to the 1988 UN Drug Convention.

II. Status of Country

Although Vietnam meets the statutory definition of a "Major Illicit Drug Producing Country" (with at least 1,000 hectares of illicit poppy under cultivation), GVN, UNDCP, and law enforcement officials do not consider cultivation a major problem. The USG estimates 2,300 hectares of poppy are cultivated in remote northern and western provinces of Lai Chau, Son La, and Nghe An. In the absence of a survey in 2000, it is not possible to verify whether this figure is still accurate. While the GVN claims a much lower figure (200 hectares), UNDCP officials have stated that a more accurate figure is somewhere between the USG and GVN estimates. Nevertheless, cultivation in Vietnam accounts for only about one percent of cultivation in the Golden Triangle region. The GVN claims that there is no cannabis grown in the country; anecdotal evidence suggests that there may be relatively small amounts grown in remote southern regions, along with larger commercial crops of hemp.

Vietnam is not a major producer of or transit country for precursor chemicals. Nevertheless, in 2001, the GVN created a dedicated precursor control unit within the counternarcotics police. This unit includes a pharmacist and chemist and received DEA training in August 2001.

More significant drug issues in Vietnam are the transit through Vietnam of illicit narcotics or controlled substances and the rising popularity of ATS. Heroin transits Vietnam en route to other countries, although there is no conclusive evidence that heroin transiting Vietnam is making its way to the United States. Increasingly frequent courier seizures in Australia in 2001 indicated that this may be a preferred destination for heroin transiting Vietnam. It appears that some cannabis, heroin, and synthetic drugs are entering Vietnam from Cambodia. Regarding ATS, GVN authorities are particularly concerned over the rising use among urban youth and are implementing enforcement and awareness programs that they hope will avoid a youth epidemic situation similar to what has occurred in Thailand. In October 2001, Do Kim Tuyen, Deputy Director of the Hanoi police, told Phat Luat ("The Law") newspaper that MDMA (ecstasy) has appeared in 44 of 61 provinces nationwide and that Hanoi was "one of the favorite destinations." (It appears that these drugs may be methamphetamine rather than ecstasy.)

III. Country Actions Against Drugs in 2001

Policy Initiatives. The coordinating element for the GVN's counternarcotics efforts is the National Committee for Aids, Drugs, and Prostitution Control (NCADP). Deputy Prime Minister Pham Gia Khiem chairs NCADP, which includes a broad spectrum of GVN ministries and mass organizations (umbrella-type organizations of GVN citizens, sponsored by the Vietnamese Communist Party as the approved medium for expressing social concerns). Key officials include four deputy chairpersons: Minister of Public Security (MPS) Le Minh Huong; Minister of Labor, War Invalids, and Social Affairs (MOLISA) Nguyen Thi Hang; Minister of Health Do Nguyen Phuong; and Ha Thi Lien, Standing Member of the Presidium of the Fatherland Front.

At a May 3, 2001 national conference, convened to review 1998-2000 counternarcotics taskings and to discuss implementation of the 2001-2005 counternarcotics plan of action, senior officials, including Prime Minister Phan Van Khai, DPM Khiem, Minister of Public Security Huong, and Vice Minister of Public Security Le The Tiem, emphasized the importance of the fight against drugs. PM Khai called for a “more unified and effective counternarcotics fight” along with implementation of the 2001-2005 counternarcotics plan. He also called for a stronger drug awareness effort, especially in the rural and mountainous areas and among youth, improved interagency coordination, more vigilance along the borders, and an increased focus on drug treatment. In a subsequent interview with the newspaper, “The Law,” Tiem emphasized the importance of the counternarcotics struggle and cited five specific targets for 2001, including: reducing the number of addicts and drug criminals by 20 percent; increasing by ten percent the number of drug-free communes; eradicating 98 percent of re-cultivated areas; developing implementing regulations for the new counternarcotics law; and continuing to promote bilateral and multilateral counternarcotics cooperation.

The National Assembly passed a new counternarcotics law on December 9, 2000, which came into effect on June 1, 2001. The GVN directed MPS and other ministries, including the Ministry of Justice (MOJ), to agree on a common approach for implementation. In addition, MOJ was tasked with working with MPS and other relevant agencies to review existing counternarcotics legal documents and make appropriate amendments to facilitate implementation of the new law. The UNDCP is assisting the GVN to develop these implementing regulations for the new law that will allow law enforcement authorities to use techniques such as controlled deliveries, informants, and undercover officers. To date, though, the GVN has not issued implementing directives to support the law.

The GVN moved forward in developing its long-term counternarcotics master plan, with the assistance of several foreign donors, including the United States. The plan now includes the following 14 projects: building the national drug control strategy for 2001-2010; strengthening the capacity of the national coordinating counternarcotics agency; implementing crop substitution programs in Ky Son District, Nghe An Province; implementing crop substitution programs in Song Ma District, Son La Province; strengthening the capacity to collect and deal with drug information; strengthening the capacity to prevent and arrest drug criminals; building and completing a counternarcotics legal system; educating students on drug awareness and prevention; strengthening drug prevention activities in Vietnam; preventing drug abuse among workers; strengthening the capacity to treat and rehabilitate addicts; preventing drug use among street children; reducing the demand among ethnic people; and preventing the spread of HIV/AIDS among addicts through demand reduction intervention.

Demonstrating its commitment to fighting drugs, the GVN increased its counternarcotics related spending in 2001. The GVN’s official national counternarcotics budget in 2001 was 95 billion Vietnamese dong (\$6.3 million), up from 80 billion (\$5.3 million) in 2000. Significantly more was spent on counternarcotics activities, considering provincial and district contributions. However, lack of resources continued to be a major constraint in counternarcotics activities.

In 2001, Vietnam accelerated its efforts in bilateral and multilateral law enforcement coordination. In June 2001, Vietnam, Laos, and Cambodia held the first ever trilateral meeting to discuss regional drug issues. Demonstrating its commitment to the effort, the GVN sent MPS Vice Minister Tiem to head the delegation. Vice Minister Tiem was the highest-ranking Vietnamese official ever sent to a regional counternarcotics conference. At the conference, the three countries agreed to cooperate on training counternarcotics task forces, sharing information, and coordinating on cross border issues. The countries also issued a joint declaration calling for a drug-free ASEAN by 2015. In addition, representatives of the six counternarcotics UNDCP MOU countries (Vietnam, Laos, Cambodia, China, Burma, and Thailand) met in May 2001 and signed a series of agreements renewing their commitments against drugs.

Vietnam also intensified bilateral cooperation with its neighbors, another key element toward full compliance with the 1988 UN Drug Convention. In July 2001, Vietnam and China signed their first bilateral counternarcotics agreement during the visit of China’s Minister of Public Security. In addition,

Vietnam and Cambodia held a conference in June 2001 on counternarcotics cooperation, during which both sides agreed to strengthen coordination along the border. In July 2001, Vietnam and Laos held a similar conference and the two sides agreed to strengthen information sharing.

Multilaterally, Vietnam continued to work closely with UNDCP. The GVN is working with UNDCP to assume management responsibility for the second phase of the crop substitution project in Ky Son, Nghe An province. SODC announced in November 2001 its commitment to work with INTERPOL and the international law enforcement community to improve the overall effectiveness of counternarcotics efforts in Vietnam.

Accomplishments. In 2001, Vietnam continued to make significant progress in achieving full compliance with the 1988 UN Drug Convention. A key GVN achievement during 2001 was bringing the new counternarcotics law into effect in June. This was an important step for Vietnam towards full compliance with the 1988 UN Drug Convention. As implementing regulations are developed, the GVN will have an enhanced capacity to engage in counternarcotics activities within an appropriate legal framework.

The GVN and Vietnam Communist Party (VCP)-sponsored mass organizations continued to implement periodic nationwide drives against drugs. In March 2001, nationwide drug law enforcement forces launched a campaign in several drug “hot spots” that resulted in a significant increase in seizures and arrests over the previous month, according to GVN figures. During that month, authorities arrested 1,535 drug offenders, compared to 1,119 the previous month. In another campaign, the GVN launched an “anti-drug month among adolescents” in June to increase awareness of the dangers of drugs among Hanoi city youth. Also in June, UNDCP assisted the GVN in its annual “anti-drug day” by sponsoring a counternarcotics poster contest which resulted in a publication distributed widely among schools. Also as part of the campaign, the Vietnam General Confederation of Labor held a counternarcotics meeting in Viet Tri City in Phu Tho Province, attended by over 1,000 state employees. In October 2001, the Vietnam Fatherland Front Central Committee launched its own two-month campaign against drugs.

Law Enforcement Efforts. GVN 2001 seizure statistics indicate a mixed picture compared with a similar period for 2000. ATS seizures increased from 6,783 doses to 49,369 doses. Heroin seizures fell from 50.5 kg to 40.3 kg in 2001. Opium seizures, however, rose from 455 kg to 589 kg in 2001. According to law enforcement sources, this may indicate the rising popularity of ATS. The number of total drug cases increased by 43 percent, from 8,925 to 12,811, while the number of offenders charged with drug-related offenses increased by 30 percent. Arrests during the same period rose from 16,276 to 21,103 in 2001.

The GVN continued a policy of severe punishment for drug offenses. However, it remains unclear whether the Vietnamese system is willing to apply such penalties against well-connected Party and government officials, when necessary. In a November 2001 report, Trinh Hong Duong, Chief Judge of the Supreme People’s Court, stated that between September 2000-September 2001, 77 convicted drug traffickers received death sentences and 88 received life imprisonment sentences. In Vietnam, possession of 100 grams of heroin, 5 kilogram of opium or cannabis gum, or 75 kilograms of cannabis or opium plants may result in the death penalty under the new counternarcotics law.

The year’s most important counternarcotics case occurred in Ha Tinh Province in February 2001. Ha Tinh Provincial Peoples’ Court sentenced seven defendants to the death penalty and nine received life in prison. Seven others were sentenced to between ten and 20 years in prison. The case involved a drug ring that trafficked 32 kilograms of heroin from Laos into Vietnam via Nghe An and Ha Tinh Provinces over a two and one half year period. However, no perceptible change in the level of sophistication of narcotics investigations was evident in 2001. According to law enforcement sources, lack of training, resources, and experience both among law enforcement and the judiciary are weaknesses that inhibit improvement in this area.

Law enforcement sources do not believe that major trafficking groups have moved into Vietnam, although this could potentially happen. Relatively small groups, perhaps five to 15 individuals who are often related to each other, do most trafficking.

Resource constraints among GVN counternarcotics police continued to be a major problem during 2001. While the Australian government provided major help with a program of computer equipment and training, provincial police continue to experience resource problems. A December 2001 embassy visit to Cao Bang Province (along the Vietnam-China border), where there is significant drug activity, revealed that the local counternarcotics police had no cars, no computers, and no working telecommunications equipment. MPS is continuing to appeal for foreign assistance to provide additional resources and training. Foreign law enforcement sources and the UNDCP stated that lack of training and resources are significant impediments to enhanced GVN law enforcement efforts.

Corruption. Vietnam does not, as a matter of government policy, encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. The USG has no information linking any senior official of the government of Vietnam with engaging in, encouraging, or facilitating the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. It is, however, not unreasonable to suspect that corruption plays a role in explaining some narcotics trafficking in Vietnam.

The GVN tried to demonstrate its commitment to fighting official corruption, both in general and specifically narcotics-related. GVN authorities, especially the VCP General Secretary Nong Duc Manh, made strong statements against corruption. In November, Manh announced a new anticorruption ordinance requiring party members, state officials, and state employees to declare real estate and business assets. At the first week of the National Assembly's 10th session in November 2001, Prime Minister Phan Van Khai recommended a number of anticorruption measures including administrative reforms, new regulations on financial and budget management, and reform in the state salary system. Both the GVN and the VCP have made combating corruption one of their top priorities, and have made unambiguous statements that not only must officials not engage in corruption but that they will be held personally responsible for such wrongdoing by their relatives and subordinates as well. Wives, close relatives, and subordinates of officials sometimes misuse their connections for personal gain.

The GVN demonstrated continued willingness to pursue at least some low ranking law enforcement officials involved in drug activity. In February 2001, a police major was fired for helping an accused drug offender get released from custody in Ho Chi Minh City. In September 2001, Hanoi People's Court tried, convicted, and sentenced to death a Lai Chau police officer for heroin trafficking. Whether such tough measures could be applied against well-connected officials of government or party remains uncertain.

Agreements and Treaties. Vietnam is a party to the 1988 UN Drug Convention and the 1971 UN Convention on Psychotropic Substances. Negotiations continued on a letter of agreement on counternarcotics assistance in 2001. Current negotiations are focused on specific project agreements instead. Vietnam is currently precluded by statute from extraditing Vietnamese nationals, but it is contemplating legislative changes. However, at the request of the USG (and in accordance with the 1988 UN Drug Convention), Vietnam did deport non-citizens to the United States during 2001 who were wanted for various white collar and money laundering crimes. Vietnam has signed the UN Convention against Transnational Organized Crime.

Cultivation/Production. USG sources confirm that opium is grown in hard-to-reach upland and mountainous regions of some northwestern provinces, especially Son La, Lai Chau, and Nghe An Provinces. According to USG sources, the total number of hectares under cultivation has been reduced sharply from an estimated 12,900 hectares in 1993, when the GVN began opium poppy eradication, to 2,300 hectares in 2001. (The 2001 USG estimate is the same as 2000 because no satellite survey was performed.) Concerning drug production, UNDCP and law enforcement sources do not view production as a significant problem in Vietnam. While the GVN does not admit that drugs are produced in the country, there have been unconfirmed reports of limited ATS production as well as some seizures of equipment (i.e., pill presses).

As part of its efforts to comply fully with the 1988 UN Drug Convention, the GVN continued to eradicate poppy, when found, and to implement crop substitution, whereby opium poppy cultivation is replaced by other crops such as mandarin oranges, tea, cinnamon, plums, herbs, hybrid corn, potatoes, and soybeans. Concerning eradication, GVN authorities reported in a December 2001 conference that “as much as 90 percent of opium poppy growing acreage in Vietnam has been destroyed over the past ten years.” However, GVN, law enforcement sources, and UNDCP confirmed that there has been some re-cultivation in very remote areas in the north, especially where ethnic minorities face difficult living conditions. A June 2001 report from Lai Chau Province noted that the provincial government remains dedicated to “100 percent” eradication as one of its targets for the 2001-2005 Master Plan.

The GVN revealed plans for a 784 billion Vietnamese Dong (U.S. \$52 million) eradication and crop substitution project in 186 mountain communes located in 10 provinces (including Cao Bang) where re-cultivation has been a problem.

Drug Flow/Transit. While law enforcement sources and UNDCP believe that significant amounts of drugs are transiting Vietnam, DEA has not identified a firm case of heroin entering the United States directly from Vietnam, though it appears some may be entering via Canada. More commonly, drugs, especially heroin and opium, enter Vietnam from the Golden Triangle of Thailand, Laos, and Burma, making their way to Hanoi and especially to Ho Chi Minh City, where they are transshipped by air or sea to the Philippines, Hong Kong, Taiwan, Japan, and increasingly Australia. In October 2001, the GVN reported ATS shipments entering the country via Malaysia, Hong Kong, Laos, and Cambodia. Australian Federal Police (AFP) sources report concern over heroin and methamphetamine arriving in Australia from Vietnam via couriers. There appear to be increasingly strong ties between drug criminals in Vietnam and the Vietnamese community in Australia. In April 2001, AFP seized 9 kilograms of heroin from a courier who arrived in Australia from Vietnam, and there have been three other similar arrests (with smaller seizures) in the past three months. In November 2001, a Vietnamese-Australian woman carrying heroin was arrested at Ho Chi Minh City’s airport just before boarding a plane for Sydney.

In June 2001, the GVN reported that the Vietnam-Lao border, particularly the northwestern provinces of Lai Chau and Son La and the northern central provinces of Nghe An, Ha Tinh, and Thanh Hoa, are the main routes for illicit drugs entering Vietnam and account for over 60 percent of the country’s confiscated heroin and other addictive drugs. According to the report, about 80 percent of confiscated ATS tablets entered Vietnam through the northern border provinces of Lao Cai, Quang Ninh, and Cao Bang. Marijuana, heroin, and some ATS tablets entered Vietnam via the Cambodian border. Not unexpectedly, Hanoi and Ho Chi Minh City have the most significant drug-related activity; those two cities make up 51 percent of the drug cases and 56 percent of the drug-related offenders nationwide, according to the report. Drugs are also transiting Vietnam from Laos via Nghe An Province and onto Vinh, which serves as a major port for land-locked Laos. The drugs then follow similar routes as described above. Since there is considerable legitimate commerce from Laos, law enforcement sources report that it is fairly easy to employ different concealment techniques. Some drugs also arrive from Laos and Cambodia to Ho Chi Minh City and then are transshipped to Singapore and Malaysia.

Domestic Programs (Demand Reduction). The GVN views demand reduction as a significant objective in its fight against drugs as well as an integral part of its efforts to comply fully with the 1988 UN Drug Convention. In May 2001, NCADP reported in a national conference to review the 2001-2005 Counternarcotics Plan of Action that Vietnam has 101,036 registered addicts, down about four percent from 2000. These addicts spend over \$133 million on illicit drugs. In addition, there are approximately 4,800 child addicts and 1,500 student addicts, according to GVN statistics. It should be noted that the UN believes all these numbers are understated.

On the awareness side, the Ministry of Culture and Information is in charge of coordinating the effort to increase awareness among students, and claims to have distributed drug information to every school in Vietnam. Recognizing the close link between drug use and HIV/AIDS (the GVN estimates 70 percent of the 40,000 confirmed cases of HIV/AIDS are thus linked), in 2001, advertisements began to regularly

appear in newspapers providing contact information for people to learn more about the connection between drugs and HIV/AIDS. The GVN continued its long-standing campaign of putting up counternarcotics posters all around Vietnam, and Vietnamese television and radio have increased the pace of counternarcotics and HIV/AIDS warnings through a new series of advertisements featuring popular singers and actors.

Vietnam has a network of drug treatment centers, approximately one in each province. However, SODC has stated that they are often inadequate and the high recidivism rate (which SODC claims is about 80 percent but is more probably in the 90-95 percent range similar to other countries) is “unacceptable.” Drug treatment in these centers is compulsory, based on a court order. Drug treatment outside of centers is often community based and counselors make visits to addicts being treated at home, providing advice and some medicines, if needed. Recognizing the importance of expanding drug treatment in the cities, Ho Chi Minh City’s local government has constructed 14 drug rehabilitation centers over the past three years, bringing its total to 16. It also unveiled plans in November 2001 to expand drug treatment capacity from 5,000 to 11,800 addicts by the end of 2002. MOLISA and the Youth Volunteer Force (Youth Union) have joined forces to build new detoxification centers and other facilities to existing drug rehabilitation centers. The new facilities will cost about 12 billion Vietnamese Dong (U.S. \$800,000).

On World AIDS Day 2001, Ho Chi Minh City’s local government launched an “action month” to prevent the spread of HIV/AIDS in the city. In addition, the city began work on a center for orphans with HIV/AIDS, which will have a total capital investment of 7 billion Vietnamese Dong (U.S. \$400,000), about one-third of which contributed by NGOs. The center will provide treatment and care for 100 affected children while advising and assisting other HIV/AIDS children in the community.

The GVN took another important step in 2001 concerning HIV/AIDS prevention by signing an agreement with the United States whereby the USG’s Centers for Disease Control will assist the Ministry of Health with the first stage of a U.S. \$10 million grant to expand the country’s HIV/AIDS prevention and care program. The funds will be used to support a wide range of HIV/AIDS programs and activities, including peer education, voluntary counseling and testing, and prevention and treatment of other sexually transmitted infections.

IV. U.S. Policy Initiatives and Programs

Vietnam and the United States continued negotiations to conclude a letter of agreement, under which the United States would grant counternarcotics assistance to Vietnam. If successfully concluded, this agreement will represent the first direct bilateral counternarcotics program assistance to Vietnam. The USG currently funds training for GVN law enforcement officials to participate in courses at the International Law Enforcement Academy in Bangkok. The USG also contributes to counternarcotics efforts through its contributions to UNDCP.

U.S. law enforcement authorities reported that the GVN provided useful and regular counternarcotics cooperation during 2001. The Ministry of Public Security assisted U.S. law enforcement authorities on several drug-related cases by providing information upon request. Also, on two occasions, the GVN deported non-citizens to the United States wanted on U.S. criminal warrants. In addition, the GVN also provided drug samples and cooperated on several joint investigations and in general have been helpful and cooperative with their U.S. counterparts.

The Road Ahead. The GVN is very much aware of the threat of drugs, and is especially concerned over the rising domestic problem. During 2001, as in previous years, the GVN pressed forward with ongoing and new initiatives aimed at coping with the law enforcement and social problems that stem from the illegal drug trade. Vietnam continued to cooperate on a bilateral, regional, and multilateral basis to fight against the drug trade despite many internal problems that make fighting drugs a challenge.

